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MARKETING and TRANSPORTATION SITUATION



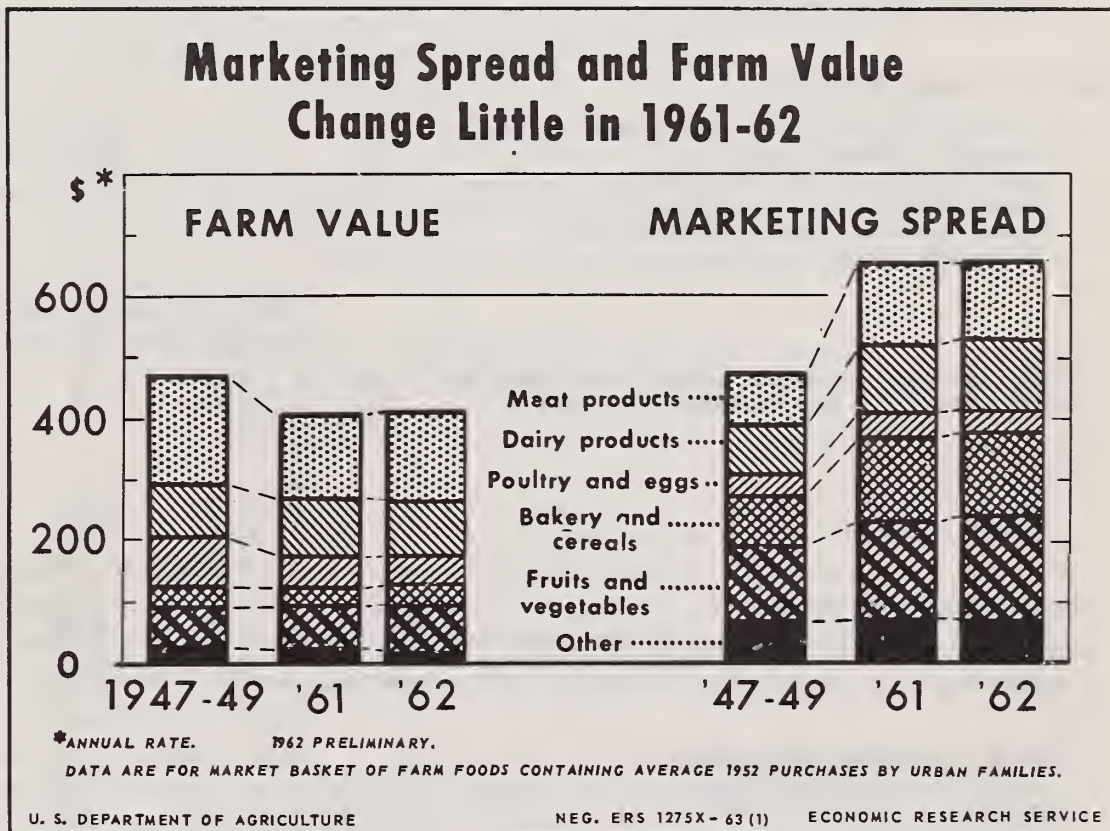
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FEBRUARY 1963

The marketing (farm-retail) spread for the market basket of farm-originated foods increased each year from 1950 to 1962. The increase in 1962 was the smallest. Changes for all product groups were small. The total farm value (farmer's receipts) was up 1 percent in 1962, mainly because of a rise in prices of beef cattle.

In 1962, the total spread was 39 percent larger than the 1947-49 average. Spreads were larger for each product group except poultry and eggs. The total farm value in 1962, however, was down 12 percent from the 1947-49 average. The farm value of each product group was lower in 1962 than in 1947-49, except for fruits and vegetables. The poultry and eggs group had the biggest drop.



IN THIS ISSUE

**Marketing Spreads for Beef,
Pork, Frying Chickens, Eggs, Fruits
and Vegetables.**

**Feed Contract Programs
in the Midwest**

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STATISTICAL SUMMARY OF MARKET INFORMATION

Item	Unit or base period	1961		1962		
		Year	Oct.-Dec.	Apr.-June	July-Sept.	Oct.-Dec.
<u>Farm-to-retail price spreads</u>						
Farm-food market basket: <u>1/</u>						
Retail cost	Dol.	1,060	1,049	1,066	1,069	1,069
Farm value	Dol.	406	401	404	412	410
Farm-retail spread	Dol.	654	648	662	657	659
Farmer's share of retail cost	Pct.	38	38	38	39	38
Cotton: <u>2/</u>						
Retail cost	Dol.	2.19	2.19	2.15	2.15	---
Farm value	Dol.	.31	.33	.33	.33	---
Farm-retail spread	Dol.	1.88	1.86	1.82	1.82	---
Farmer's share of retail cost	Pct.	14	15	15	15	---
Cigarettes: <u>3/</u>						
Retail cost	Ct.	27.6	---	---	---	---
Farm value	Ct.	4.23	---	---	---	---
Federal and State excise taxes	Ct.	12.4	---	---	---	---
Farm-retail spread excluding excise taxes	Ct.	11.0	---	---	---	---
Farmer's share of retail cost	Pct.	15	---	---	---	---
<u>General economic indicators</u>						
Consumers' per capita income and expenditures: <u>4/</u>						
Disposable personal income	Dol.	1,979	2,015	2,050	2,054	2,074
Expenditures for goods and services	Dol.	1,840	1,871	1,905	1,916	1,936
Expenditures for food	Dol.	386	388	395	399	397
Expenditures for food as percentage of disposable income	Pct.	19.5	19.3	19.3	19.4	19.1
Hourly earnings, production workers, manufacturing: <u>5/</u>	Dol.	2.32	2.38	2.40	2.41	2.42
Hourly earnings of food marketing employees <u>6/</u>	Dol.	2.04	2.06	2.11	2.13	---
Retail sales: <u>7/</u>						
Food stores	Mil. dol.	4,618	4,631	4,846	4,813	4,933
Apparel stores	Mil. dol.	1,144	1,164	1,160	1,231	1,223
Manufacturers' inventories: <u>7/</u>						
Food and beverage	Bil. dol.	5.24	5.24	5.38	5.35	5.37
Textile	Bil. dol.	2.74	2.74	2.89	2.90	2.94
Tobacco	Bil. dol.	2.17	2.17	2.13	2.12	2.15
Indexes of industrial production: <u>8/</u>						
Food and beverage manufactures	1957-59=100:	110	112	114	---	---
Textile mill products	1957-59=100:	107	114	114	113	---
Apparel products	1957-59=100:	112	120	121	124	---
Tobacco products	1957-59=100:	111	112	109	---	---
Index of physical volume of farm marketings	1947-49=100:	136	146	200	186	---
<u>Price indexes</u>						
Consumer price index <u>5/</u>	1957-59=100:	104.2	104.5	106.0	106.0	105.8
Wholesale prices of food <u>5/</u>	1957-59=100:	100.0	99.7	101.2	101.3	100.0
Wholesale prices of cotton products <u>5/</u>	1957-59=100:	100.4	101.9	101.0	100.7	100.7
Wholesale prices of woolen products <u>5/</u>	1957-59=100:	97.1	97.7	99.6	100.1	100.2
Prices received by farmers <u>9/</u>	1957-59=100:	99	99	101	101	100
Prices paid by farmers, interest, taxes, and wage rates <u>9/</u>	1957-59=100:	103	103	105	105	106

1/ Average quantities of farm food products purchased per wage-earner or clerical-worker family in 1952. 2/ Data for average family purchases in 1950 of 25 articles of cotton clothing and housefurnishings divided by number of pounds of lint cotton required for their manufacture; see U. S. Dept. Agr. Mktg. Res. Rpt. 277. 3/ Preliminary data for package of regular-sized, popular brand cigarettes; farm value is return to farmer for 0.065 lb. of leaf tobacco of cigarette-types; data for fiscal year beginning July 1, 1961. 4/ Seasonally adjusted annual rates, calculated from Dept. of Commerce revised data. Fourth quarter 1962 data are from preliminary estimates by the Council of Economic Advisers. 5/ Dept. Labor. 6/ Weighted composite earnings in food processing, wholesale trade, retail food stores, calculated from data of Dept. Labor. 7/ Seasonally adjusted, Dept. Commerce. Sales data for 1961 are averages of monthly totals (unadjusted). Inventory data for 1961 are book values at end of year (adjusted). 8/ Seasonally adjusted, Board of Governors of Federal Reserve System. 9/ Converted from 1910-14 base.

THE MARKETING AND TRANSPORTATION SITUATION

Approved by the Outlook and Situation Board January 30, 1963

CONTENTS	
	<u>Page</u>
Farm-Retail Spreads for Farm Foods	3
Marketing Spreads for Beef and Pork	10
Marketing Spreads for Eggs and Frying Chickens in the United States and Selected Cities	16
Marketing Margins for Fruits and Vegetables	24
Feed Manufacturers' and Dealers' Gains and Losses from Feed Contract Programs in the Midwest	30
Selected New Publications	38
Lists of Special Articles, 1962	38
Annual and Quarterly Data for Market Basket of Farm Foods . .	39

FARM-RETAIL SPREADS FOR FARM FOODS

Highlights

Charges for marketing farm-originated food products made a smaller rise in 1962 than in any year since 1950, the last year in which they declined. The rise from 1961 to 1962 was less than one-half of 1 percent compared with an average increase of about 3 percent per year from 1950 to 1961. Year-to-year increases have been relatively small since 1958.

The small rise last year in marketing charges reflected relative stability in costs of performing marketing operations. Hourly earnings of food marketing employees averaged about 3 percent higher in 1962 than in 1961, a smaller increase than the average year-to-year rise during the preceding 10 years. Transportation charges probably changed little in 1962. Rail rates for agricultural products may have decreased a little, as they have in

other recent years. Prices of supplies, equipment, and other goods and services used by food marketing firms averaged about the same last year as in 1961.

Farmer's prices for food products averaged 1 percent higher in 1962 than in 1961. Prices were up for beef cattle, lambs, frying chickens, and wheat, but were down for soybeans, cottonseed, milk, eggs, and oranges. Prices farmers received for food products averaged higher in 1962 than in any year since 1954, except for 1958. Retail prices of farm-originated food products also were up in 1962, averaging 1 percent higher than in the previous year.

Farmers received 38 cents of the dollar consumers spent for farm food products in 1962, the same share as in 1961. In 3 of the last 4 years, the farmer's share has been 38 cents.

Marketing Charges Show Little Change in 1962

The farm-retail spread for the "market basket" of farm-originated foods averaged \$657 in 1962, about \$3 above the 1961 average. ^{1/} The increase in 1962 was the smallest for any year since 1950 (table 1). In the last 4 years, the spread has increased by an average of about \$6 per year. This period of relative stability was similar to the 1952-56 period, when annual increases in the spread were only slightly more than in the 1958-62 period. The average increase since 1950 has been \$14 per year. The farm-retail spread in 1962 was 39 percent larger than in 1947-49. (See cover chart.)

The spread changed little from the fourth quarter of 1961 to the first quarter of 1962. In the second quarter, it increased about 2 percent, a little more than the usual seasonal rise. A small decrease in the third quarter and a nearly equal increase in the fourth quarter left the spread at \$659, 2 percent higher than in the final quarter of 1961 (table 18 p. 41). These changes were opposite from the usual small seasonal rise in the third quarter and decline in the fourth.

Changes in farm-retail spreads from 1961 to 1962 were small for most of the product groups (table 2). The largest relative change was an 8-percent increase in the spread of fats and oils. This increase and small increases for several other groups were partly offset by a 2-percent decrease for meat products.

The small rise in the farm-retail spread of the market basket in 1962 reflected

relative stability in costs of marketing farm food products. This stability contrasts with sharply rising costs in the 1950's. Hourly earnings of food marketing employees increased about 3 percent in 1962, which was smaller than the average of about 5 percent per year since 1950.

Rail freight rates for hauling agricultural commodities may have averaged slightly lower in 1962 than in 1961, reflecting reduced rates for selected commodities, among which were rates for grain. Truck rates probably did not change much during the year. The overall index of rail freight rates for farm products increased steadily from 1950 to 1958 but declined about 5 percent between 1958 and 1961. Prices of many intermediate goods and services used by marketing firms averaged about the same in 1962 as in the previous year. Since 1950, the combined index of these prices has increased 32 percent. Interest rates also were relatively stable in 1962.

Small Rise in Farm Value

Payments to farmers for the foods in the market basket increased about 1 percent from 1961 to 1962, to \$410. ^{2/} Since reaching a peak in 1951, the farm value of the market basket has declined 18 percent. In 1962, it was 5 percent higher than the postwar low of 1956.

Changes from 1961 to 1962 in the farm value of some product groups in the market basket were larger than the change for the market basket total. A 7-percent increase for meat products accounted for most of the rise in the market basket

^{1/} The "market basket" contains the average quantities of farm-produced food products purchased per family in 1952 for consumption at home by urban wage-earner and clerical-worker families. Additional information concerning the contents of the market basket and methods of estimating market-basket data are given in Farm-Retail Spreads for Food Products, USDA, Misc. Pub. 741, 1957. The farm-retail spread is the difference between the retail price paid by the consumer and the farm value, the payment to the farmer for equivalent farm products. It is an estimate of the charges made by marketing agencies for assembling, processing, transporting, and distributing farm food products.

^{2/} The farm value is the payment to farmers for the farm products equivalent to foods in the market basket.

Table 1.--The farm food market basket: Retail cost, farm value, farm-retail spread, and farmer's share of retail cost, 1952-1962 1/

Year and month	Retail cost <u>2/</u>	Farm value <u>3/</u>	Farm-retail spread	Farmer's share
	Dollars	Dollars	Dollars	Percent
1952	1,034	482	552	47
1953	1,003	445	558	44
1954	986	421	565	43
1955	969	395	574	41
1956	972	390	582	40
1957	1,007	401	606	40
1958	1,064	430	634	40
1959	1,040	398	642	38
1957-59 average	1,037	410	627	40
1960	1,053	407	646	39
1961	1,060	406	654	38
1962 <u>4/</u>	1,067	410	657	38
<u>1961</u>				
January	1,068	421	647	39
February	1,070	425	645	40
March	1,068	416	652	39
April	1,068	409	659	38
May	1,060	397	663	37
June	1,059	392	667	37
July	1,066	398	668	37
August	1,060	404	656	38
September	1,058	403	655	38
October	1,054	400	654	38
November	1,045	397	648	38
December	1,047	407	640	39
<u>1962 4/</u>				
January	1,057	411	646	39
February	1,065	416	649	39
March	1,064	415	649	39
April	1,066	409	657	38
May	1,063	401	662	38
June	1,068	401	667	38
July	1,068	402	666	38
August	1,067	413	654	39
September	1,085	425	660	39
October	1,075	411	664	38
November	1,070	412	658	39
December	1,062	407	655	38

1/ The farmer's share and index numbers of the retail cost, farm value, and farm-retail spread for the years 1913-61 (1957-59=100) are published in the February 1962 Marketing and Transportation Situation (MTS-144), p. 50. 2/ Retail cost of average quantities purchased per family in 1952 by urban wage-earner and clerical worker families, calculated from retail prices collected by the Bur. Labor Statistics. 3/ Payment to farmers for equivalent quantities of farm produce minus imputed value of by products obtained in processing. 4/ Preliminary estimates.

: Current data are given in the Statistical Summary, :
: a monthly publication of the Statistical Reporting Service :
:

Table 2.--The market basket of farm food products: Annual average retail cost, farm value, farm-retail spread, and farmer's share, 1962 and 1961

Product	12-month	12-month	Change	
	average	average	1962 from 1961	
	1962	1961	Actual	Percentage
	Dollars	Dollars	Dollars	Percent
Retail cost				
Market basket	1,067.43	1,060.19	7.24	1
Meat products	284.04	277.56	6.48	2
Dairy products	200.27	201.97	-1.70	-1
Poultry and eggs	85.67	86.78	-1.11	-1
Bakery and cereal products	170.48	167.69	2.79	2
All fruits and vegetables	238.70	237.89	.81	<u>1/</u>
Fats and oils	43.34	43.41	-.07	<u>1/</u>
Miscellaneous products	44.93	44.88	.05	<u>1/</u>
Farm value				
Market basket	410.23	405.75	4.48	1
Meat products	151.79	142.32	9.47	7
Dairy products	88.01	89.99	-1.98	-2
Poultry and eggs	51.46	52.08	-.62	-1
Bakery and cereal products	31.00	29.92	1.08	4
All fruits and vegetables	69.25	70.50	-1.25	-2
Fats and oils	11.36	13.77	-2.41	-18
Miscellaneous products	7.36	7.17	.19	3
Farm-retail spread				
Market basket	657.20	654.44	2.76	<u>1/</u>
Meat products	132.25	135.24	-2.99	-2
Dairy products	112.26	111.98	.28	<u>1/</u>
Poultry and eggs	34.21	34.70	-.49	-1
Bakery and cereal products	139.48	137.77	1.71	1
All fruits and vegetables	169.45	167.39	2.06	1
Fats and oils	31.98	29.64	2.34	8
Miscellaneous products	37.57	37.71	-.14	<u>1/</u>
Farmer's share				
	Percent	Percent	Percentage point	
Market basket	38	38	0	
Meat products	53	51	2	
Dairy products	44	45	-1	
Poultry and eggs	60	60	0	
Bakery and cereal products	18	18	0	
All fruits and vegetables	29	30	-1	
Fats and oils	26	32	-6	
Miscellaneous products	16	16	0	

1/ Less than 0.5 percent.

farm value. This increase and a 4-percent increase for bakery and cereal products were partly offset by an 18-percent decrease for fats and oils and smaller decreases for the dairy products and fruits and vegetables groups.

The farm value started the year with a 3-percent increase over the fourth quarter of 1961, but a decrease followed in the second quarter. In the third quarter, the farm value regained most of its second-quarter loss; then it dipped slightly in the fourth quarter. The farm value averaged \$410 in the final quarter, about 2 percent higher than a year earlier (table 17, p. 40).

Retail Cost Increases Slightly

In 1962, for the third consecutive year, the retail cost of the market basket averaged about 1 percent more than in the preceding year. The 1962 average exceeded by \$3 the previous record annual average established in 1958. The retail cost increased from \$1,040 in 1959 to \$1,067 in 1962, or 3 percent, compared with rises of 3 percent in the farm value and 2 percent in the farm-retail spread.^{3/} Seldom have these moved at such similar rates. The rise in the retail cost in 1962 was distributed over the first 3 quarters. The largest increase came in the first quarter. It was followed by smaller increases in the second and third. The fourth-quarter average was 2 percent above the same quarter of 1961.

Nearly all of the rise in the retail cost resulted from increases in the retail cost of the meat products group. Increases for the bakery and cereal products and the fruits and vegetables groups were nearly offset by decreases for the dairy products and poultry and eggs groups.

Farmer's Share Remains at 38 Cents

Farmers received 38 cents of the dollar consumers spent for farm foods in the family market basket in 1962, the same as in 1961. The farmer's share averaged 38 cents in 3 of the last 4 years.

Changes in Annual Averages, 1961 to 1962, by Product Groups

Meat products. -- The farm-retail spread for the meat products group declined 2 percent in 1962, as the farm value increased 7 percent and the retail cost increased 2 percent (table 2).

Prices of slaughter cattle increased sharply in 1962, but retail prices of beef only partly reflected this increase, as the farm-retail spread declined 7 percent from 1961 to 1962 (tables 19 and 20, pp. 42 and 43).

Farm and retail prices of lamb also were up sharply in 1962, and the spread increased about 5 percent. Prices of hogs and pork changed little from 1961 levels. (For further discussion of costs and margins for meat products, see the article on p. 10.)

Dairy products. -- Farm prices of milk decreased as production of milk increased and price supports for butter, cheese, and nonfat dry milk were reduced. Farm values of some manufactured dairy products averaged as much as 5 percent lower than in 1961, and the farm value of fluid milk was down 2 percent. Nearly all of the decrease in the farm value of the dairy products group was passed on to the consumer. The farm-retail spread averaged about the same in 1962 as in 1961. The farmer's share of the dollar consumers spent for dairy products was 44 cents in 1962 -- 1 cent less than in 1961. The 1962 farmer's share was the smallest since 1933.

^{3/} The retail cost of the market basket of farm foods is less than the retail cost of all foods bought per family. The market basket does not include imported foods, fishery products, and other foods of nonfarm origin, or meals purchased in public eating places.

The retail price of fluid milk in 1962 averaged 25.3 cents per quart, 0.1 cent lower than in 1961. This was the first decrease in the annual average since 1954. The farm value declined 0.2 cent to 10.7 cents, the first decrease since 1958. The spread between the farm value and retail price increased again in 1962, as it has for each year since 1950; the last decrease was in 1945.

The retail price and farm value of butter averaged lower in 1962 than in 1961, but the spread widened slightly in 1962. The farm value and retail price in 1962 both were 4 percent above their 1950 levels and the spread was up 3 percent. Because of the small change in the spread during 1950-62, changes in the retail price were closely associated with changes in the farm value, which varied directly with changes in price support levels.

In 1962, the farm value of American processed cheese fell 5 percent. This decrease was accompanied by a 2-percent increase in the spread, so the retail price decreased only about 1 percent. The lower farm value reflected reduced support prices in 1962.

The average annual retail price of ice cream was 85.8 cents per half-gallon in 1962, 0.7 cent below the 1961 average. The farm value dropped 1.0 cent, and the spread increased about 0.3 cent.

Poultry and eggs.--The farm value and retail cost of the poultry and eggs group both were 1 percent lower in 1962 than in 1961. The farm-retail spread for the group likewise declined 1 percent. These decreases were the result of nearly offsetting changes in prices for frying chickens and eggs. The annual average spread for eggs decreased 5 percent from 1961 to 1962 to the lowest level since 1946. A 4-percent increase in the farm-retail spread for frying chickens reversed a 5-year decline for that product. (Prices and marketing spreads for eggs and chickens are considered more fully in an article beginning on p. 16.)

Bakery and cereal products.--The farm value of bakery and cereal products increased in 1962 for the third consecutive year, but it still was 4 percent below the 1957 level. The increase from 1961 to 1962 resulted mainly from a rise in the price of wheat. Corn flakes and corn meal were the only individual products in the group whose farm values declined. The farm value of bread increased 3 percent, that for flour increased 9 percent, and for rolled oats the increase was 5 percent.

The farm-retail spread for the group also increased in 1962, as it has each year since 1940. The combination of increases in the spread and farm value boosted the retail cost 2 percent.

The retail price of a 1-pound loaf of bread increased from 20.9 cents in 1961 to 21.2 cents in 1962. This rise in the annual average retail price, the smallest in 10 years, was accompanied by a rise in the farm value from 3.0 to 3.1 cents and a 0.2 cent increase in the spread. Two segments of the farm-retail spread increased -- the retail store margin and the margin for transportation and grain handling and storage; the baker-wholesaler margin decreased slightly. Since 1957, the retail price has increased 13 percent and the farm-retail spread 16 percent, but the farm value has declined 3 percent. The 2.5-cent increase in the spread during this 5-year period was divided as follows: Retail margin, 0.9 cent; baker-wholesaler margin, 1.2 cents; miller's flour margin, 0.2 cent; other margins, 0.2 cent. The farm value declined 0.1 cent.

Fruits and vegetables.--Prices received by growers for potatoes and several truck crops averaged higher last year than in 1961, causing an increase in the annual average farm value of the fresh fruits and vegetables group in the market basket. The total retail cost and marketing spread for this group likewise were up in 1962 (tables 19 and 20, pp. 42 and 43).

The total farm value of the processed products in 1962 was down 12 percent from the 1961 average. Farm values of frozen orange juice concentrate and canned orange juice averaged 25 percent and 32 percent, respectively, below 1961 levels. Farm-retail spreads of the processed products totaled 1 percent less in 1962 than in the preceding year, and the retail cost of these products was down 4 percent.

Prices received by growers for fresh citrus fruits and winter vegetables will be higher in the first half of this year than in the comparable period of 1962 because of freezing weather in Florida, Texas, and California. Retail prices will rise, reflecting the price increases at the farm level and probably increases in marketing spreads. (More information on fruits and vegetables is contained in the article on p. 24.)

Fats and oils.--The farm value of the fats and oils group declined 18 percent from 1961 to 1962 as farm prices of soybeans and cottonseed declined sharply. Stocks of soybean oil were at record levels at the beginning of the 1962-63 crop year. Continued heavy crushings to meet the demand for meal were a factor contributing to large supplies of oil. The value of soybean oil relative to the value of soybean meal declined sharply in 1962, a situation which contributed to lower farm values of products using soybean oil.

The large decrease in the farm value of the fats and oils group was absorbed by an 8-percent higher farm-retail spread for the group. Spreads for each product in the group were higher in 1962 than in 1961. Small decreases in retail prices of some fats and oils products were offset by increases for other products in the group.

:
: Farm-retail spreads for Choice-grade beef decreased appreciably :
: in 1962, to 29.9 cents -- about 7 percent below the record high of :
: 32.2 cents per retail pound in 1961. Spreads for pork (retail cuts) :
: remained about the same in 1962 as in 1961. ^{2/} :
:
: Average retail prices for beef increased slightly in 1962, while :
: those for pork remained about the same as in 1961. Wholesale prices :
: for beef trended upward in 1962; those for pork remained about the :
: same as a year earlier. The farm value for beef moved upward more :
: than wholesale and retail prices in 1962. For pork, however, the :
: farm value remained about the same as in 1961. The farmer's share :
: of the consumer's dollar spent for beef increased in 1962, but his :
: share of the pork dollar did not change from a year earlier. :
:

Beef

Farm-retail spread.--The annual average farm-retail spread for U. S. Choice-grade beef decreased from the record high of 32.2 cents per retail pound in 1961 to 29.9 cents in 1962 (table 3). This was the largest decrease in the annual average since 1949. Both components of the farm-retail spread, the farm-wholesale and wholesale-retail spreads, decreased in 1962. ^{3/} Farm-wholesale spreads decreased by about 9 percent and wholesale-retail spreads by about 6 percent from 1961 levels.

The decrease in the farm-retail spread in 1962 was the first since 1954. It increased each year from 1954 to 1961. During this period, the farm-retail spread

trended upward at a rate of about 1.2 cents per pound per year. The wholesale-retail segment increased faster than the farm-wholesale segment.

These increases in farm-retail spreads were accompanied by rising costs of labor, transportation, and other items that make up the spread. Hourly earnings of production workers in meatpacking plants averaged \$2.76 in the first 10 months of 1962. From 1953 to 1962, hourly earnings increased at an average rate of 5 percent per year. Gains in output per man-hour, made possible by introduction of labor-saving machinery and improved management and work methods, kept labor costs per unit of product

^{1/} Prepared by Victor B. Phillips, agricultural economist, Marketing Economics Division, ERS.

^{2/} The farm-retail spread, sometimes called the marketing margin, is the difference between the price per pound the consumer pays for beef or pork at retail and the farm value or payment the farmer receives for an equivalent quantity of live animal, less a byproduct allowance. It is a gross return to marketing agencies for transporting, processing, and distributing services required to move live animals from the farm and to convert them to meat in the retail store.

^{3/} The wholesale-retail spread is the difference between the retail price per pound and wholesale value of the equivalent weight of carcass beef. The farm-wholesale spread is the difference between the wholesale value and net farm value. For pork, the wholesale-retail spread is the difference between the retail and wholesale prices per pound. The farm-wholesale spread is the difference between the wholesale price and net farm value. See footnotes 2 and 3, table 3 for definitions of wholesale value and net farm value.

Table 3.--Beef and pork: Retail price, wholesale value, farm value, farm-retail spread, and farmer's share of retail price, annual 1953-62, by quarters 1961-62

Year and quarter	Retail price	Wholesale	Gross	Byproduct	Net	Farm-retail spread			Farmer's share
	per pound 1/	value 2/	farm value 3/	allowance 4/	farm value 5/	Total	Wholesale-retail	Farm-wholesale	
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Percent
Beef, (Choice grade)									
1953.....	69.1	52.2	48.4	4.2	44.2	24.9	16.9	8.0	64
1954.....	68.5	52.6	48.8	4.0	44.8	23.7	15.9	7.8	65
1955.....	67.5	51.4	46.7	3.7	43.0	24.5	16.1	8.4	64
1956.....	66.0	49.5	44.4	3.7	40.7	25.3	16.5	8.8	62
1957.....	70.6	52.8	47.6	4.0	43.6	27.0	17.8	9.2	62
1958.....	81.0	61.1	57.1	4.7	52.4	28.6	19.9	8.7	65
1959.....	82.8	62.4	58.3	5.3	53.0	29.8	20.4	9.4	64
1960.....	81.0	60.1	54.1	4.4	49.7	31.3	20.9	10.4	61
1961.....	79.2	56.6	51.6	4.6	47.0	32.2	22.6	9.6	59
1962 6/.....	82.4	61.2	57.3	4.8	52.5	29.9	21.2	8.7	64
1961									
Jan.-Mar.....	81.7	60.1	54.9	4.4	50.5	31.2	21.6	9.6	62
Apr.-June.....	79.1	55.0	49.5	4.7	44.8	34.3	24.1	10.2	57
July-Sept.....	76.9	54.3	49.5	4.8	44.7	32.2	22.6	9.6	58
Oct.-Dec.....	78.9	57.0	52.7	4.7	48.0	30.9	21.9	9.0	61
1962									
Jan.-Mar.....	80.6	59.8	55.4	4.6	50.8	29.8	20.8	9.0	63
Apr.-June.....	80.5	59.4	54.6	4.8	49.8	30.7	21.1	9.6	62
July-Sept.....	83.0	62.0	58.2	4.9	53.3	29.7	21.0	8.7	64
Oct.-Dec.....	85.6	63.7	61.0	4.9	56.1	29.5	21.9	7.6	66
Pork, (retail cuts)									
1953.....	63.5	51.1	47.5	6.5	41.0	22.5	12.4	10.1	65
1954.....	64.8	51.2	48.4	7.4	41.0	23.8	13.6	10.2	63
1955.....	54.8	41.0	33.9	4.7	29.2	25.6	13.8	11.8	53
1956.....	52.1	38.6	31.8	4.6	27.2	24.9	13.5	11.4	52
1957.....	60.2	45.2	38.9	5.7	33.2	27.0	15.0	12.0	55
1958.....	64.8	49.3	43.2	6.3	36.9	27.9	15.5	12.4	57
1959.....	57.1	39.8	31.3	4.0	27.3	29.8	17.3	12.5	48
1960.....	56.7	41.6	33.9	4.5	29.4	27.3	15.1	12.2	52
1961.....	59.2	42.4	36.5	5.0	31.5	27.7	16.8	10.9	53
1962 6/.....	59.5	42.8	35.8	4.4	31.4	28.1	16.7	11.4	53
1961									
Jan.-Mar.....	59.6	43.2	37.2	5.6	31.6	28.0	16.4	11.6	53
Apr.-June.....	58.3	41.1	35.4	5.1	30.3	28.0	17.2	10.8	52
July-Sept.....	60.1	43.7	38.2	4.9	33.3	26.8	16.4	10.4	55
Oct.-Dec.....	58.8	41.6	35.2	4.4	30.8	28.0	17.2	10.8	52
1962									
Jan.-Mar.....	57.9	41.8	35.3	4.6	30.7	27.2	16.1	11.1	53
Apr.-June.....	57.8	40.9	34.2	4.4	29.8	28.0	16.9	11.1	52
July-Sept.....	62.2	45.6	38.7	4.6	34.1	28.1	16.6	11.5	55
Oct.-Dec.....	59.9	42.7	35.1	4.1	31.0	28.9	17.2	11.7	52

1/ Estimated weighted average price of retail cuts.

2/ Wholesale value of quantity of carcass equivalent to 1 lb. of retail cuts: Beef.--Equivalent quantity gradually increased from 1.27 lb. for 1953 to 1.35 lb. for 1960 and later years; pork, 1 lb.

3/ Payment to farmer for quantity of live animal equivalent to 1 lb. of retail cuts: Beef.--Equivalent quantity increased 0.01 lb. each year from 2.17 lb. for 1953 to 2.25 lb. for 1960 and later years.

4/ Portion of gross farm value attributed to edible and inedible byproduct.

5/ Gross farm value minus byproduct allowance.

6/ Preliminary.

from rising as much as hourly earnings. From 1953 to 1958 output per man-hour increased at an average rate of 2.2 percent per year. ^{4/} Costs of shipping livestock and meat also increased. Rail rates for livestock in 1961 were 15 percent higher than in 1953. Rail rates for meat increased 10 percent from 1952 to 1957, but have declined since. These rates were 5 percent lower in 1961 than in 1952. Prices of supplies and other goods and services bought by marketing firms also increased considerably during the 1950's (table 4).

From 1961 to 1962, however, costs may have risen at a much slower rate than in most years since World War II. Average hourly earnings in meatpacking plants increased about 3 percent compared with an average increase of about 5 percent per year from 1953 to 1962. Improvements in productivity may have kept unit labor costs from rising as much as hourly earnings. Rail rates for livestock and meat are not available for 1962. These rates have declined in recent years and may have decreased slightly last year. Truck rates are not available. Probably they changed little from 1961 to 1962. Prices of many supplies and other items did not change appreciably.

Another factor influencing the change in farm-retail spread is the tendency for wholesale price changes to lag behind changes in farm prices and retail prices to lag behind wholesale prices. Since prices at each level generally were increasing in 1962, this tendency probably contributed more to the decrease in the annual average farm-retail spread than any other factor. Prices for beef increased faster at the farm level than at the retail level; consequently, the farm-retail spread decreased.

Retail prices, wholesale and farm values.--Prices and values of Choice-grade beef moved up and down together in 1962 but not by the same amount. Retail prices lagged behind farm values (figure 1). Retail prices averaged 82.4 cents per retail pound in 1962, an increase of 3.2 cents over 1961. Since 1958, retail prices of beef have remained relatively stable, varying by less than 2.0 cents per pound for any 1 year, except for 1962.

Wholesale values of Choice-grade beef increased in 1962 by 4.6 cents per retail pound over 1961 levels. This increase is the largest since 1958, and raised the wholesale value 5.2 cents above the 1953-62 average.

The net farm value of Choice-grade beef was up about 5.5 cents per retail pound from 1961, while the retail price was up only about 3.2 cents.

Though beef production in 1962 was about the same as in 1961, the retail price, wholesale value, and farm value increased in every quarter of 1962 except the second (figure 1). This increase was associated with an increasing population, higher incomes, and a long-term rise in consumer preference for beef. Population increased by about 1.6 percent from 1961 to 1962, per capita disposable income increased 3.6 percent, and per capita consumption of beef increased 1.4 percent.

Farmer's share.--In 1962, farmers received 64 cents of the consumer's dollar spent for beef, 5.0 cents more than in 1961 but only 1.0 cent more than the 1953-62 average. This increase in the farmer's share resulted from an increase in the farm value and a decrease in the farm-retail spread.

^{4/} Waldorf, William, Output Per Man-Hour in Factories Processing Farm Products, USDA Tech. Bul. 1243, May 1961, p. 12.

Table 4.--Costs of equipment and supplies bought by marketing firms, 1953-55 average, and by years, 1956-62

(1957-59 = 100)

Item	1953-55 average	1956	1957	1958	1959	1960	1961	1962 <u>1/</u>
Fuel, related products and power.....	95.0	97.4	102.7	98.7	98.7	99.6	100.7	100.2
Machinery and equipment....	80.2	91.7	97.9	99.4	102.7	103.6	102.8	103.3
Construction cost <u>2/</u>	88.7	95.0	99.0	99.0	102.0	104.0	105.0	107.0
Container board.....	95.2	98.9	100.0	100.0	100.0	99.6	91.2	92.4
Grocery bags.....	72.6	91.9	98.6	101.4	99.9	99.6	100.4	96.9
Motortruck prices.....	83.3	91.7	96.6	100.8	102.6	100.1	100.0	99.6
Gasoline.....	98.8	99.9	104.7	97.8	97.4	98.3	98.6	97.4
Tires and tubes.....	90.2	102.3	101.3	102.4	96.3	93.0	92.4	87.0

1/ Annual average computed by ERS.

2/ Converted by ERS to 1957-59 = 100.

Indexes published by the Bureau of Labor Statistics except Index of Construction Costs, which is published by the Department of Commerce.

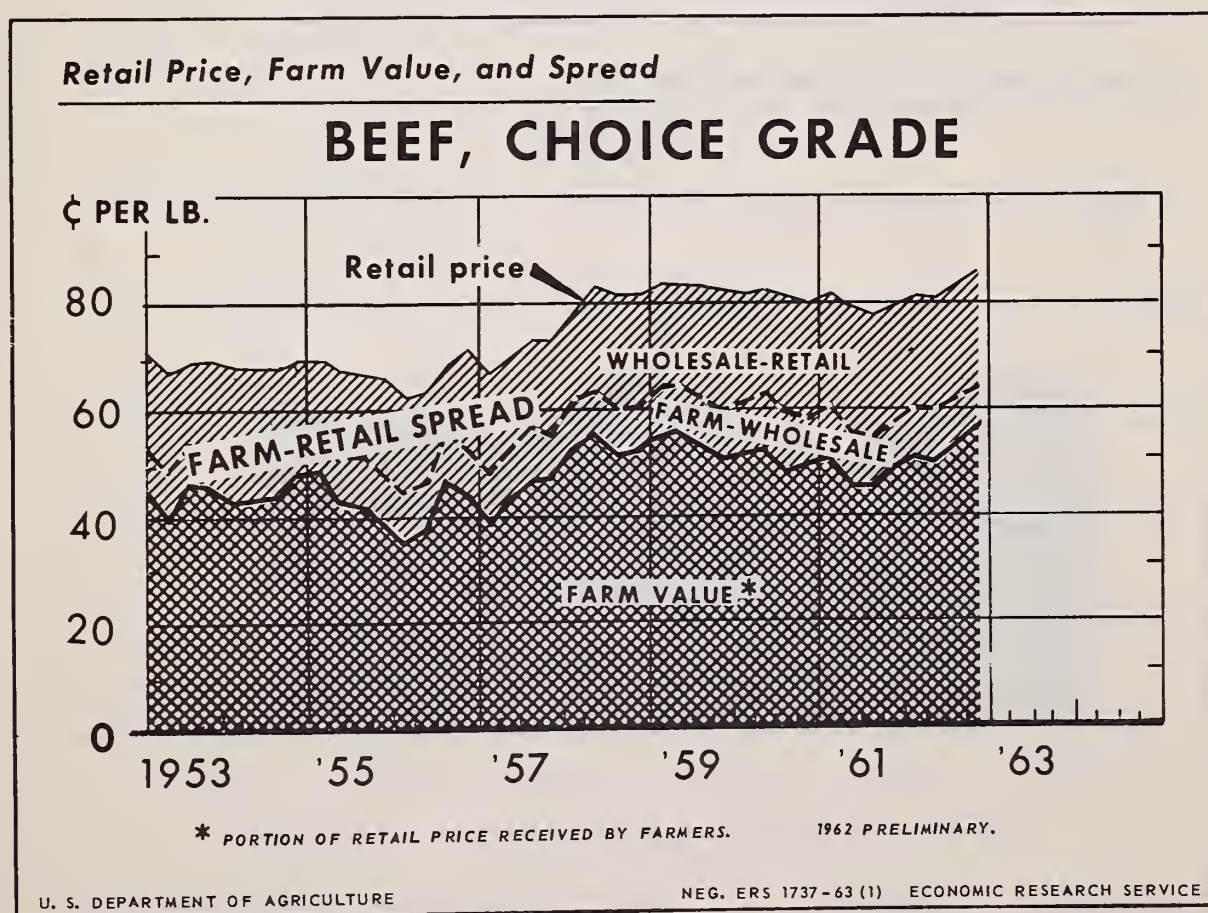


Figure 1

Pork

Farm - retail spread.-- Farm - retail spreads for pork (retail cuts) averaged a little higher in 1962 than in 1961 (table 3). The spread of 28.1 cents per retail pound was the second highest annual average recorded. In the 10-year period 1953-62, the farm-retail spread increased each year except in 1953, 1956, and 1960.

The annual average farm-wholesale spread for pork increased by about 5 percent from 1961 to 1962, while the wholesale-retail spread declined slightly (table 3). Movements in both the farm-wholesale and wholesale-retail spreads during 1962 followed the usual seasonal pattern: Narrowing in the first half of the year, when marketings decline and widening during the second half, when marketings increase. During the last 3 years, this seasonal pattern has not been as pronounced as in earlier years (figure 2). This smoothing out of seasonal fluctuations in the spread has been

due largely to a reduction in the major concentration of marketings in the fall. This reduction has been brought about largely by multiple farrowings and earlier spring farrowings. For example, the 1946-55 average spring pig crop was 57 percent larger than the fall pig crop. In contrast, the 1960-62 average pig crop was only about 15 percent larger than the fall pig crop.

Retail and wholesale prices and farm values.--Retail and wholesale prices and the farm value for pork were practically the same in 1962 as in 1961 (table 3). Retail prices averaged 59.5 cents per pound in 1962, and 59.2 cents in 1961, almost the same as the 1953-62 average. The changes in retail price and value from 1961 to 1962 were the smallest year-to-year changes since 1924.

This stability in prices and in the farm value in 1962 was associated with 2 years of relatively steady hog production.

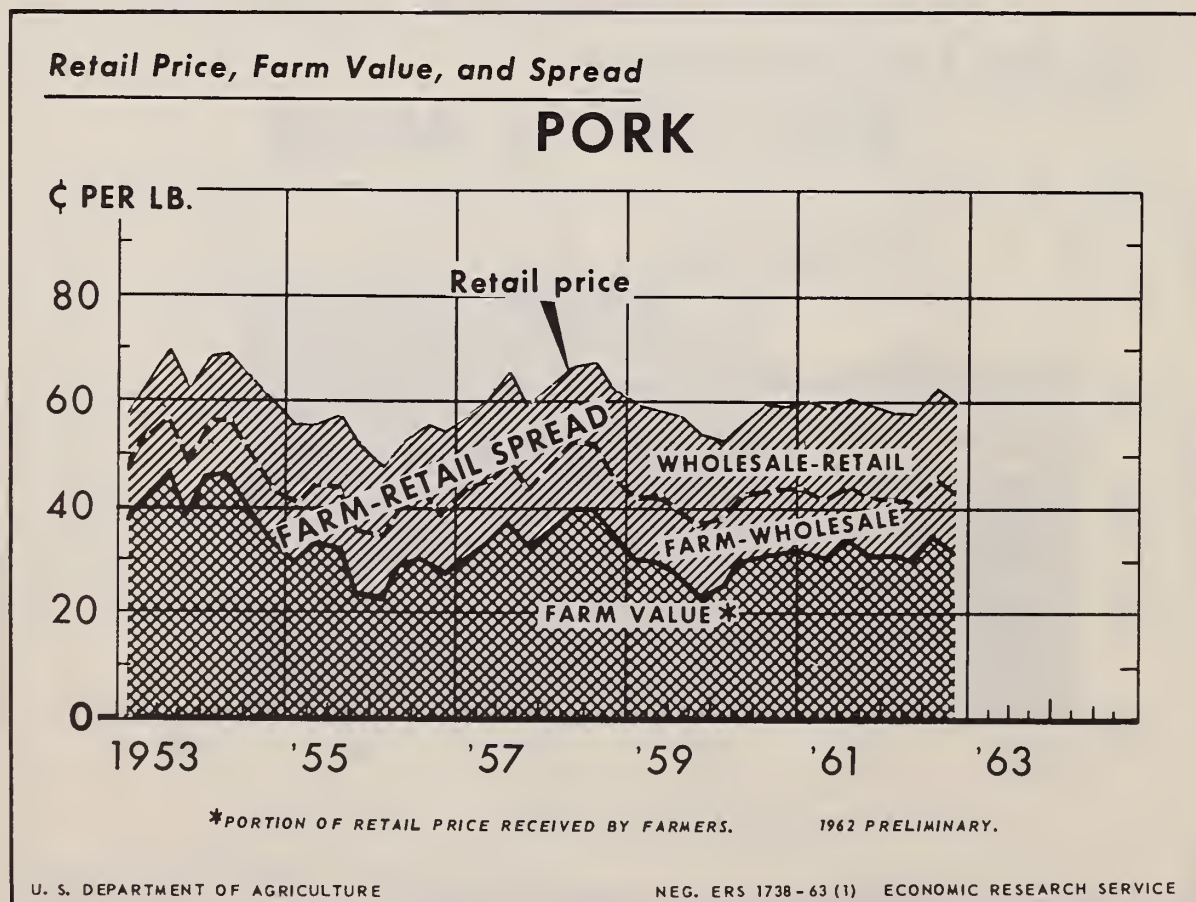


Figure 2

Divergent price patterns emerge when retail pork prices are compared with retail beef prices during the 1953-62 period. Pork prices decreased from 63.5 cents in 1953 to 59.5 cents in 1962. During this same period, per capita consumption of pork varied from a low of 60.2 pounds in 1957 to a high of 67.6 in 1958. It was 63.5 pounds (carcass weight) in 1953 and about the same in 1962. Beef retail prices, on the other hand, climbed from 69.1 cents per pound in 1953 to 82.4 cents in 1962, and per capita consumption of beef increased from 77.6 pounds (carcass weight) to about 89 pounds in 1962. Changes in consumer

tastes and preferences for beef and pork during the 1953-62 period apparently led to significant changes in prices consumers are willing to pay for beef and pork.

Farmer's share.--The farmer's share of the dollar consumers spent for pork in retail food stores in 1962 was 53 cents, the same as in 1961. This was 2 cents below the 1953-62 average. Since 1944, the farmer's share generally has been larger for beef than for pork -- even though the farm-retail spreads usually were larger for beef. This is because retail prices and farm values have been higher for beef than pork.

MARKETING SPREADS FOR EGGS AND FRYING CHICKENS IN THE UNITED STATES AND SELECTED CITIES 1/

:
: Farm-retail price spreads in the United States decreased 5 percent :
: for eggs but increased about 4 percent for frying chickens from 1961 :
: to 1962. Both prices received by farmers and prices paid by consumers :
: for eggs purchased in retail stores were down about 6 percent in :
: 1962 from the previous year. Farm values and consumer prices for :
: ready-to-cook frying chickens both were higher in 1962 than in 1961, :
: but consumer prices increased slightly more than farm values. The :
: farm share of the retail dollar spent for eggs was the same in 1962 :
: as in 1961; the farm share of the dollar spent for frying chickens :
: was 1 cent higher than in the preceding year. This article describes :
: recent prices and price spreads for eggs and frying chickens in the :
: United States and in 11 selected cities. :
:

Eggs

Marketing Spreads in the United States

Consumers who purchased eggs in retail stores in urban communities in the United States paid 3.1 cents a dozen less in 1962 than in 1961, and the farm value of these eggs averaged 2.1 cents lower in 1962 than in the preceding year (table 5). 2/ As a result of these price changes, farm-retail spreads narrowed 1.0 cent a dozen from 1961 to 1962, and the farm share of the retail price remained unchanged. Lower egg prices in 1962 resulted both from increased supplies and reduced demand. Increases in the number of laying hens on farms and in the rate of lay per bird resulted in increased production and more eggs moving into commercial channels in 1962 than in 1961. U. S. civilian per capita consumption in 1962, estimated at 324 eggs, was the lowest recorded in 20 years, though it was down only slightly from 1961. 3/

Marketing Spreads in Selected Large Cities 4/

Farm - retail spreads.-- Farm - retail price spreads on Grade A large eggs in 10 major cities averaged 24.2 cents a dozen in 1962 -- an increase of 0.2 cent from 1961 (table 6). This increase resulted from a wider retail store spread. The farm-to-retailer segment of the farm-retail spread narrowed (figure 3). Ten-city averages of prices at all market levels declined from 1961 to 1962.

Gross price spreads increased from 1961 to 1962 in 6 of the 10 cities and decreased in 4. Boston had the biggest increase -- 2.3 cents a dozen. The biggest decrease was in Los Angeles -- 1.6 cents. Farm-retail spreads in 1962 were widest in New York and narrowest in Los Angeles.

1/ Prepared by Leo R. Gray, agricultural economist, Marketing Economics Division, ERS.

2/ The farm value is the average payment received by producers for 1.03 dozen eggs.

3/ The National Food Situation, NFS-103, ERS, USDA, Feb. 1963.

4/ This section is based partly on information from a study of monthly price spreads for eggs and poultry in selected large cities. Data were compiled from reports of the U. S. Bureau of Labor Statistics, USDA's Agricultural Marketing Service, State agencies, and private business firms.

Table 5.--Eggs and frying chickens: Retail price, farm value, farm-retail spread, and farmer's share of the retail price, United States urban areas, annual 1952-62, by months January 1961-December 1962.

Year and month	Eggs				Chickens :(broilers and fryers, ready-to-cook)			
	Retail	Farm	Farm-	Farmer's	Retail	Farm	Farm-	Farmer's
	price	value	retail	share	price	value	retail	share
	per dozen	2/	spread		per pound	3/	spread	
	1/				1/			
	Cents	Cents	Cents	Percent	Cents	Cents	Cents	Percent
1952	63.6	43.2	20.4	68	60.0	39.7	20.3	66
1953	66.8	49.0	17.8	73	58.5	37.0	21.5	63
1954	56.2	37.5	18.7	67	52.8	31.6	21.2	60
1955	58.1	40.1	18.0	69	54.8	34.6	20.2	63
1956	57.7	39.8	17.9	69	47.8	26.9	20.9	56
1957	54.9	36.6	18.3	67	46.7	25.9	20.8	55
1958	57.9	39.5	18.4	68	46.1	25.4	20.7	55
1959	50.8	32.1	18.7	63	42.0	22.0	20.0	52
1960	54.9	37.3	17.6	68	42.7	23.1	19.6	54
1961	54.9	36.5	18.4	66	38.5	19.3	19.2	50
1962 4/	51.8	34.4	17.4	66	40.7	20.8	19.9	51
1961--								
January	62.1	40.6	21.5	65	41.6	22.5	19.1	54
February	59.4	40.6	18.8	68	42.4	24.1	18.3	57
March	56.6	37.8	18.8	67	42.5	22.7	19.8	53
April	52.0	34.4	17.6	66	41.4	20.4	21.0	49
May	50.2	33.1	17.1	66	38.8	19.2	19.6	49
June	49.5	31.9	17.6	64	36.6	17.5	19.1	48
July	53.9	35.2	18.7	65	36.8	17.0	19.8	46
August	52.5	36.2	16.3	69	37.1	17.4	19.7	47
September	55.7	36.6	19.1	66	36.2	16.2	20.0	45
October	58.1	38.1	20.0	66	35.8	16.2	19.6	45
November	55.0	37.1	17.9	67	35.5	17.0	18.5	48
December	54.3	36.3	18.0	67	37.1	20.8	16.3	56
1962--								
January	55.3	36.5	18.8	66	40.4	21.9	18.5	54
February	56.1	37.3	18.8	66	42.6	22.7	19.9	53
March	52.7	34.0	18.7	65	42.6	22.3	20.3	52
April	49.5	32.4	17.1	65	40.2	20.3	19.9	50
May	47.4	29.8	17.6	63	39.6	19.6	20.0	49
June	44.6	29.0	15.6	65	39.9	19.6	20.3	49
July	46.4	30.4	16.0	66	39.1	20.3	18.8	52
August	48.2	33.5	14.7	70	40.4	21.0	19.4	52
September	55.4	37.3	18.1	67	41.8	22.3	19.5	53
October	56.1	37.4	18.7	67	40.8	20.4	20.4	50
November	54.2	37.7	16.5	70	41.5	19.6	21.9	47
December	55.8	37.5	18.3	67	39.0	20.0	19.0	51

1/ Estimated average prices of all eggs or frying chickens sold to consumers in retail stores in urban communities, based on prices collected by the Bur. of Labor Statistics.

2/ Average payments received by producers for 1.03 dozen eggs.

3/ Payment to producers for 1.37 pounds of live weight chicken, the equivalent of 1 pound ready-to-cook weight.

4/ Preliminary.

Table 6.--Eggs, Grade A or better quality, large and medium: Prices per dozen and price spreads at various market levels, 10-city average 1961 and 1962, selected cities 1962

Item	10-city average 1/		Boston	New York	Baltimore	Washington D.C.	
	1961	1962					
	Cents	Cents	Cents	Cents	Cents	Cents	
<u>Large:</u>							
Prices:							
Retail	58.8	55.5	61.3	60.8	58.8	59.0	
To retailers	49.0	45.2	46.8	45.8	49.7	48.6	
To city receivers	40.0	---	---	36.9	37.1	39.2	
Farm 2/	34.8	31.3	35.8	30.2	30.4	33.6	
Spreads:							
Farm-retail	24.0	24.2	25.5	30.6	28.4	25.4	
Retail store	9.8	10.3	14.5	15.0	9.1	10.4	
Farm-retailer	14.2	13.9	11.0	15.6	19.3	15.0	
Receiver-retailer ...	9.0	---	---	8.9	12.6	9.4	
Farm-receiver	5.2	---	---	6.7	6.7	5.6	
<u>Medium</u>							
Prices:							
Retail	50.9	47.8	53.3	50.1	3/ 49.2	51.7	
To retailers	42.1	38.8	39.7	38.2	42.8	41.7	
To city receivers	33.3	---	---	30.6	31.0	32.6	
Farm 2/	27.8	25.0	29.6	23.5	23.5	25.6	
Spreads:							
Farm-retail ..	23.1	22.8	23.7	26.6	25.7	26.1	
Retail store	8.8	9.0	13.6	11.9	6.4	10.0	
Farm-retailer	14.3	13.8	10.1	14.7	19.3	16.1	
Receiver-retailer ...	8.8	---	---	7.6	11.8	9.1	
Farm-receiver	5.5	---	---	7.1	7.5	7.0	
	Atlanta	Cleveland	Chicago	St. Louis	Los Angeles	San Francisco	Seattle 1/
	Cents	Cents	Cents	Cents	Cents	Cents	Cents
<u>Large:</u>							
Prices:							
Retail	52.3	55.1	52.6	52.8	50.5	51.6	53.8
To retailers	42.6	46.2	45.6	42.7	41.8	42.7	47.0
To city receivers	---	37.4	32.6	---	37.5	37.2	---
Farm 2/	31.7	28.5	26.2	31.3	35.9	29.1	33.9
Spreads:							
Farm-retail	20.6	26.6	26.4	21.5	14.6	22.5	19.9
Retail store	9.7	8.9	7.0	10.1	8.7	8.9	6.8
Farm-retailer	10.9	17.7	19.4	11.4	5.9	13.6	13.1
Receiver-retailer ...	---	8.8	13.0	---	4.3	5.5	---
Farm-receiver	---	8.9	6.4	---	1.6	8.1	---
<u>Medium:</u>							
Prices:							
Retail	46.1	47.8	44.6	46.0	45.2	44.1	49.0
To retailers	36.9	39.4	39.3	37.5	36.1	36.6	40.7
To city receivers	---	31.2	28.7	---	31.6	30.6	---
Farm 2/	26.4	22.6	20.5	26.4	28.5	23.1	27.0
Spreads:							
Farm-retail	19.7	25.2	24.1	19.6	16.7	21.0	22.0
Retail store	9.2	8.4	5.3	8.5	9.1	7.5	8.3
Farm-retailer	10.5	16.8	18.8	11.1	7.6	13.5	13.7
Receiver-retailer ...	---	8.2	10.6	---	4.5	6.0	---
Farm-receiver	---	8.6	8.2	---	3.1	7.5	---

^{1/} Seattle not included in 10-city averages.

^{2/} Farm prices are weighted averages of prices reported in major commercial supply areas shipping eggs into the respective cities.

^{3/} Annual estimate based on data for fewer than 12 months.

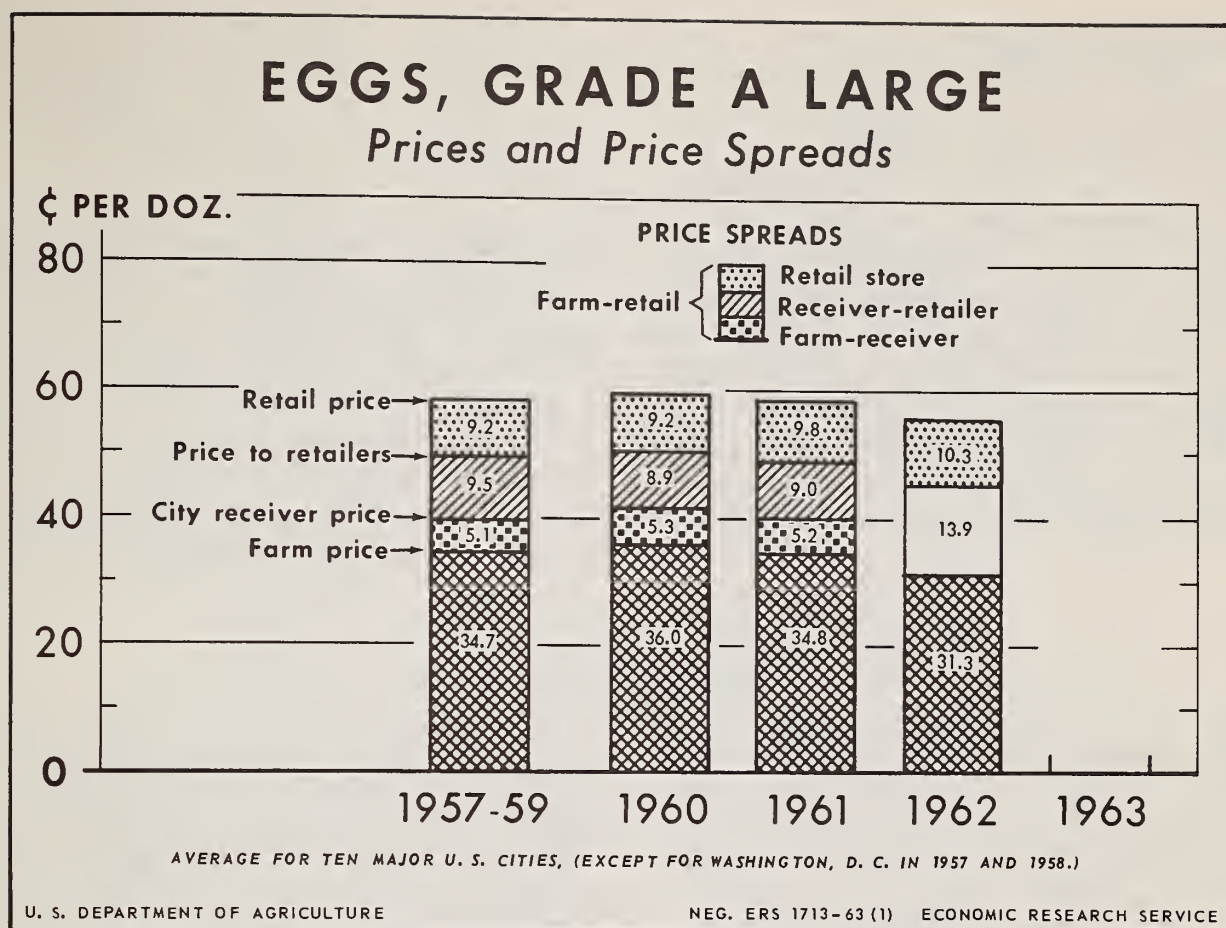


Figure 3

A recent report shows that price spreads for Grade A large eggs sold in New York and produced on farms in nearby areas were several cents a dozen less than spreads for New York shown in table 6. These spreads were based on weighted averages of farm prices reported for eggs produced on farms in Midwestern, Southern, and nearby New York areas.^{5/} However, spreads for Midwestern eggs sold in New York were higher than those shown in table 6. The report is a 6-year summary of these series of price spread data for eggs, frying chickens and turkeys, and it shows some of the major cost components of price spreads between selected market levels.

Retail store spreads.-- The 10-city average of retail store spreads widened 0.5 cent from 1961 to 1962. They widened in 6 of the 10 cities and narrowed in the other 4. The biggest increase -- 1.5 cents a dozen -- occurred in St. Louis; Los Angeles had the biggest decrease -- 1.1 cents a dozen. New York continued to have the widest retail store spread and Chicago the narrowest of the 10 cities. Seattle had narrower retail store spreads on large eggs than Chicago. Wider retail store spreads accounted for two-fifths of the increase in the gross spread in Boston; in Los Angeles more than two-thirds of the decline in gross spreads was due to narrower retail store spreads.

^{5/} Gray, Leo R., and Willis, Ruby J., Price Spreads and Prices for Eggs, Frying Chickens and Turkeys in Selected Cities, 1951-61, USDA, ERS-60, April 1962. This report has a list of selected references pertaining to price spreads and marketing costs for eggs and poultry, including previous reports of this study.

Farm-retailer spreads.--The 10-city average farm-retailer spread -- the spread between prices paid by retailers and prices received by farmers -- narrowed in 1962 from a year earlier. These spreads widened in just 2 of the 10 cities in 1962 -- Boston and Chicago. Farm-retailer spreads among the 10 cities in 1962 were widest in Chicago and continued to be narrowest in Los Angeles. In Atlanta, farm-retailer spreads decreased for the sixth straight year, probably because of the shift in nearby egg production from a deficit to a surplus position. This surplus resulted from

expansion of the commercial egg industry in Georgia. The expansion was accompanied by integration, reduced costs of production, and improved marketing technology.

Marketing Spreads for Medium Eggs

Farm-retail spreads for Grade A medium eggs in the 10 cities averaged 22.8 cents a dozen in 1962 -- a decline of 0.3 cent from 1961 and 1.4 cents less than for Grade A large eggs (table 6). Retail store spreads widened and farm-retailer spreads narrowed in 1962.

Frying Chickens

Marketing Spreads in the United States

Retail prices for frying chickens (broilers) marketed in urban areas rose 2.2 cents a pound and farm values increased 1.5 cents in 1962 from 1961 (table 5). ^{6/} The resulting farm-retail spread was 0.7 cent a pound wider in 1962, and the farm share of the retail dollar spent for frying chickens was 1 percentage point higher than in 1961.

Higher prices were realized for fryers in 1962, even though total broiler production increased about 1 percent to the highest annual total on record. Increased population resulted in a civilian per capita consumption of 25.5 pounds -- the same as in 1961. Although the total volume of young chickens slaughtered under Federal inspection in the first 10 months of 1962 was about the same as in the like period of 1961, increased slaughter in November and December of 1962 resulted in an annual total of 5,986 million pounds, 1.3 percent higher than in 1961. This increase in annual slaughter of young chickens was considerably less than increases of 15.3 percent from 1960 to

1961, and 9.8 percent from 1959 to 1960. This percentage increase in slaughter also was less than the 1.6 percent increase in population from 1961 to 1962. More than half of the net increase in slaughter of frying chickens in 1962 was removed from the domestic market for civilian purchases by increased exports and USDA purchases for the School Lunch Program.

Annual increases of about 15 percent in total exports and about 34 percent in Government purchases of fryers for the School Lunch Program in 1962 contributed to the increased demand and resulting higher prices for frying chickens over a year earlier. ^{7/} Exports of fryers, however, declined sharply in the second half of 1962, due largely to increased trade barriers by the European Common Market countries. The effects of reduced export outlets were partly offset by sizable USDA purchases for the School Lunch Program especially in November. The net effect of increased total slaughter of young chickens coupled with increased school lunch purchases and reduced exports was a sharp decline in the farm value during November followed by an upturn in December 1962.

^{6/} The farm value is the average payment received by farmers for a quantity of live fryer equivalent to 1 pound of ready-to-cook frying chicken.

^{7/} The estimated increase in exports was based on 10 months of reported data, but the increase in Government purchases was based on the total reported for all of 1962. The total of exports and Government purchases increased 20 percent in 1962 and comprised nearly 0.7 percent of the total slaughter of young chickens.

Marketing Spreads in Selected Large Cities

Farm - retail spreads.-- Farm-retail spreads on ready-to-cook, Grade A frying chickens in 10 major cities averaged 19.2 cents a pound in 1962, up 0.1 cent from 1961 (table 7). This annual spread was only slightly higher than the narrow range of 18.9 to 19.1 cents reported from 1959-61 (figure 4). The increase in 1962 was the result of offsetting changes in retail store and farm-retailer spreads. Average prices for the 10 cities were higher at all market levels in 1962 than in 1961.

The biggest changes in farm-retail spreads among the 10 cities were declines of 2.8 cents a pound in Los Angeles and 2.6 cents in San Francisco. These decreases resulted in the smallest gross spreads for these 2 cities in the 7 years for which data are available, but San Francisco still had the widest farm-retail spread among the 10 cities.

Retail store spreads.--The retail store spread, which comprised more than half the farm-retail spread, widened in most of the 10 cities from 1961 to 1962 and averaged 10.2 cents a pound in 1962. The biggest increase occurred in New York and Baltimore -- 1.5 cents a pound, and the biggest decrease was in San Francisco. Retail store spreads in San Francisco narrowed 2.5 cents a pound, to the smallest spread recorded for that city since this series began in 1956. Atlanta had the narrowest and Boston the widest retail store spreads of the 10 cities in 1962.

Farm - retailer spreads.-- Farm-to-retailer spreads on fryers averaged 9.0 cents a pound for the 10 cities in 1962 -- 0.2 cent less than a year ago (table 7). This spread was within the narrow range of annual averages, 8.7 to 9.2 cents a pound, reported since 1957.

The biggest change in the farm-retailer spread among the 10 cities from 1961

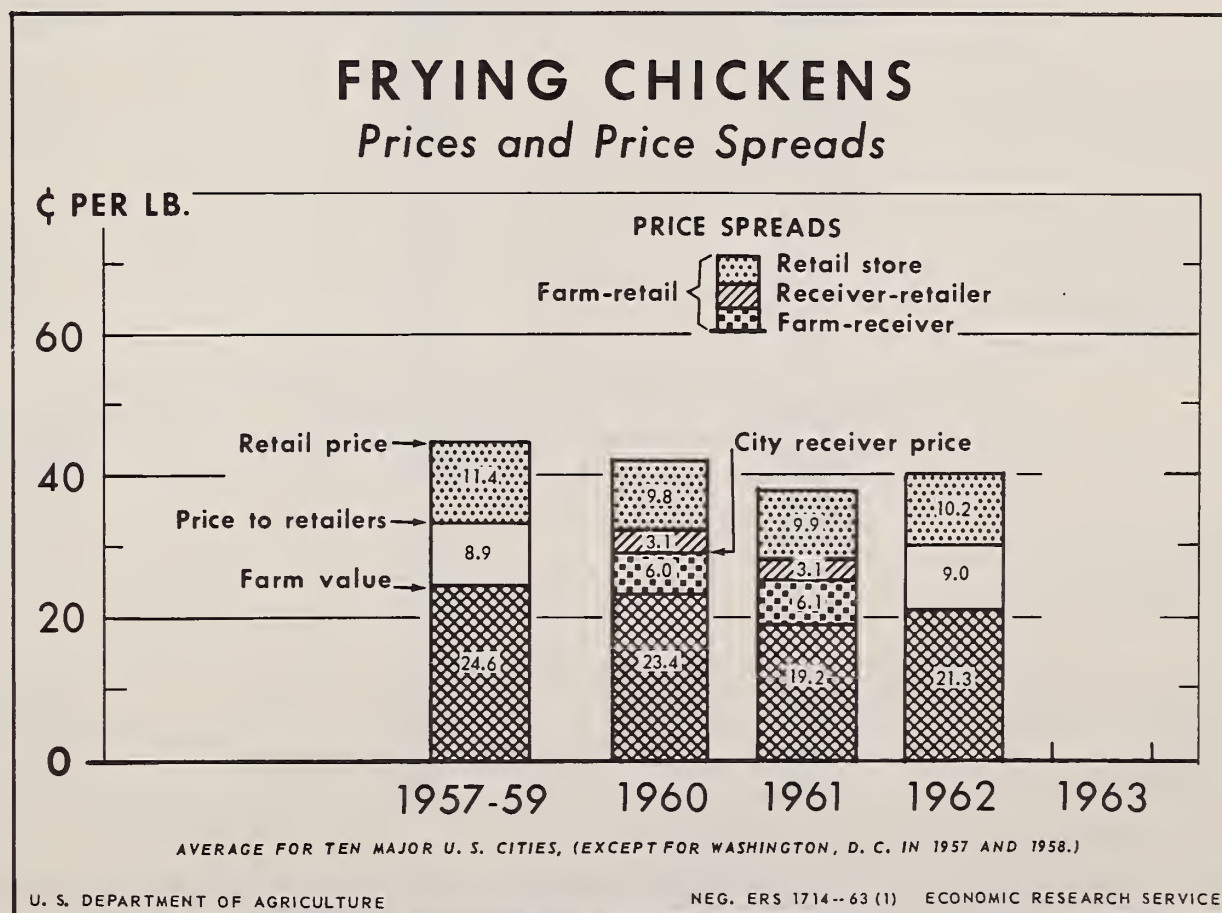


Figure 4

Table 7.--Frying chickens: Prices per pound (ready-to-cook basis) and price spreads at various market levels, 10-city average 1961 and 1962, and selected cities, 1962

Item	10-city average ^{1/}		Boston	New York
	1961	1962		
	Cents	Cents	Cents	Cents
Prices:				
Retail.....	38.3	40.5	44.2	41.7
To retailers.....	28.4	30.3	29.5	29.2
To city receivers.....	25.3	--	28.2	27.0
Farm ^{2/}	19.2	21.3	22.6	21.8
Spreads:				
Farm-retail	19.1	19.2	21.6	19.9
Retail store	9.9	10.2	14.7	12.5
Farm-retailer	9.2	9.0	6.9	7.4
Receiver-retailer...	3.1	--	1.3	2.2
Farm-receiver.....	6.1	--	5.6	5.2
	Baltimore	Washington, D.C.	Atlanta	
	Cents	Cents	Cents	
Prices:				
Retail	40.2	38.3	37.3	
To retailers.....	31.3	30.0	29.6	
To city receivers.....	28.7	27.3	--	
Farm ^{2/}	22.7	21.5	20.1	
Spreads:				
Farm-retail.....	17.5	16.8	17.2	
Retail store	8.9	8.3	7.7	
Farm-retailer	8.6	8.5	9.5	
Receiver-retailer...	2.6	2.7	--	
Farm-receiver.....	6.0	5.8	--	
	Cleveland	Chicago	St. Louis	
	Cents	Cents	Cents	
Prices:				
Retail	37.6	38.2	37.2	
To retailers.....	28.3	29.6	29.1	
To city receivers.....	26.6	26.5	26.2	
Farm ^{2/}	20.7	20.2	20.2	
Spreads:				
Farm-retail	16.9	18.0	17.0	
Retail store	9.3	8.6	8.1	
Farm-retailer	7.6	9.4	8.9	
Receiver-retailer...	1.7	3.1	2.9	
Farm-receiver.....	5.9	6.3	6.0	
	Los Angeles	San Francisco	Seattle ^{1/}	
	Cents	Cents	Cents	
Prices:				
Retail	43.6	46.4	50.3	
To retailers.....	32.0	34.1	33.8	
To city receivers.....	27.8	28.6	--	
Farm ^{2/}	21.3	21.7	23.7	
Spreads:				
Farm-retail	22.3	24.7	26.6	
Retail store	11.6	12.3	16.5	
Farm-retailer	10.7	12.4	10.1	
Receiver-retailer...	4.2	5.5	--	
Farm-receiver.....	6.5	6.9	--	

^{1/} Seattle is excluded from the 10-city average.

^{2/} Farm prices are equivalent values of weighted averages of prices for live fryers and broilers reported in major commercial supply areas shipping frying chickens into the respective cities.

to 1962 occurred in Los Angeles, where it narrowed 3.7 cents a pound. This reduction was mostly in the city receiver-retailer segment of the farm-retailer spread. Structural changes in the marketing system for fryers in Los Angeles contributed to the decline. These changes included: (1) More direct marketing on a specification basis to large-volume retailers, (2) more plentiful supplies of local fryers as a result of recent expansion of the commercial broiler industry in California, and (3) improvements in production and marketing technology.

In Seattle, the 11th city in this study, all prices and price spreads for frying chickens exceeded those in any of the 10 cities (table 7).

Retail price specials.--Retail price specials for fryers were probably less frequent and at a higher price level in 1962 than in 1961. A recent study of retail price specials for fryers in selected cities indicated that retail prices of fryers advertised in newspapers averaged about 11 cents below retail prices reported by the Bureau of Labor Statistics for these cities. ^{8/} For example, prices reported by the BLS for 10 cities averaged 38.3 cents a pound in 1961, but typical prices advertised in newspapers by retailers averaged 27.0 cents. This report also indicated retail store spreads were drastically lower during weeks of special sales than during nonsale weeks. Specials have been helpful in moving large volumes of fryers resulting from increased production in recent years.

^{8/} Gray, Leo R., Retail Price Specials for Frying Chickens in Selected Cities, 1960-61, USDA, ERS-101, January 1963.

MARKETING MARGINS FOR FRUITS AND VEGETABLES 1/

:
: Marketing margins, retail prices, and farm values for fresh fruits :
: and vegetables each increased 3 percent from 1961 to 1962. The :
: farmer's share of the retail price remained unchanged at 34 percent. :
:
: Margins and prices for processed fruits and vegetables decreased :
: from 1961 to 1962. The farm value was down 12 percent, the retail :
: price 4 percent, and the marketing margin 1 percent. The farmer's :
: share of the retail cost dropped from 23 to 21 percent. :
:
: In 1961-62, the margin for Washington Delicious apples sold in :
: Chicago was up sharply from the preceding season, while for those :
: sold in New York City the margin decreased substantially. However, :
: in each market the margin was larger than the average of the last :
: 6 seasons. Margins for California Valencia, California Navel and :
: Florida oranges sold in Chicago in 1961-62 were all larger than in :
: the preceding season; retail prices were higher for the California :
: types but lower for Florida oranges. Margins for Florida grapefruit :
: sold in Detroit and Pittsburgh during 1960-61 moved in almost exact :
: proportion to the changes in the retail price, leaving the percentage :
: margin essentially unchanged. The margins for lemons in 1960-61 :
: increased for the second consecutive season, both in dollars and as :
: a percentage of the retail price. :
:

The 1962 index of retail prices for fruits and vegetables in the farm food market basket, both fresh and processed, was 129 (1947-49 = 100), the same as in 1961. 2/ The marketing margin (farm-retail spread) index increased -- 137 compared with 135 in 1961. However, both the index of farm value and the farmer's share of the retail cost of fruits and vegetables in the market basket decreased in 1962. The farm value index averaged 114, down 2 points from the level of 1961 and 3 points below 1960. The farmer's share of the retail cost, which remained at 30 percent during 1960 and 1961, dropped to 29 percent in 1962 (table 8).

Fresh Fruits and Vegetables

The retail cost to the consumer for fresh fruits and vegetables in the family market basket increased from \$140 in 1961 to \$144 in 1962 (table 8) 3/. About \$3 of the increase went to the marketing system and \$1 to the producer. The farmer's percentage share of the retail cost, which varied little in the last 10 years, remained at 34 percent.

Processed Fruits and Vegetables

The retail cost to consumers for processed fruits and vegetables included in

1/ Prepared by Victor G. Edman, agricultural economist, Marketing Economics Division, ERS.

2/ The freeze which occurred in Florida in December caused price increases in both fruits and vegetables but occurred too late to affect reported December prices.

3/ The market basket contains the average quantities of farm-produced food products purchased for consumption at home by urban wage-earner and clerical-worker families in 1952.

Table 8.--Fruits and vegetables: Retail cost, farm value, marketing margin and farmer's share of retail cost, 1953 and 1958-62 1/

Year	Retail cost	Farm value	Margin	Farmer's share
All fruits and vegetables				
	<u>Dollars</u>	<u>Dollars</u>	<u>Dollars</u>	<u>Percent</u>
1953.....	210.56	62.39	148.17	30
1958.....	233.60	66.59	167.01	29
1959.....	230.60	68.00	162.60	29
1960.....	237.07	71.44	165.63	30
1961.....	237.89	70.50	167.39	30
1962 <u>2/</u>	238.70	69.25	169.45	29
Fresh fruits and vegetables				
1953.....	121.48	44.40	77.08	37
1958.....	139.57	49.30	90.27	35
1959.....	133.38	45.68	87.70	34
1960.....	143.30	52.14	91.16	36
1961.....	140.27	48.25	92.02	34
1962 <u>2/</u>	144.49	49.73	94.76	34
Processed fruits and vegetables				
1953.....	89.09	17.99	71.10	20
1958.....	94.02	17.29	76.73	18
1959.....	97.23	22.32	74.91	23
1960.....	93.77	19.30	74.47	21
1961.....	97.62	22.25	75.37	23
1962 <u>2/</u>	94.20	19.53	74.67	21

1/ Data are for quantities of fruits and vegetables included in the market basket of farm foods, which includes quantities of farm-originated foods bought for home consumption per family in 1952 by urban wage-earner and clerical-worker families.

2/ Preliminary.

the market basket decreased from \$98 in 1961 to \$94 in 1962. Nearly all of the decrease was absorbed by the producer. Consequently, the farmer's share of the retail cost dropped from 23 percent in 1961 to 21 percent in 1962.

During the last 5 years, the farmer's share of the retail cost for processed fruits and vegetables has varied more

than the farmer's share of the retail cost for fresh products. An explanation is found in the behavior of the respective marketing margins. During 1958-62, the marketing margin for processed fruits and vegetables varied 3 percent from the low to the high annual average. As a consequence of this relative stability, practically all changes in the retail cost were absorbed by the farmer, and his

share of the retail cost ranged from 18 to 23 percent. For fresh fruits and vegetables, on the other hand, the marketing margin varied almost 8 percent from 1958-1962, generally increasing and decreasing with the retail cost. Consequently, retail cost changes were shared more or less proportionately between marketing agencies and the producers, resulting in a farmer's share that ranged from 34 to 36 percent.

Studies of specific commodities have been conducted to measure the portion of the total margin (farm-retail spread) received by individual marketing agencies. Findings from studies of Washington Delicious apples, California and Florida oranges, Florida grapefruit, and California lemons follow.

Washington Delicious Apples

The 1961-62 Washington Delicious apple situation was characterized by extremes.

The average retail price in both Chicago and New York City was highest of the last 6 seasons (figure 5).^{4/} Production for the 1961-62 season was 32 percent below the 6-season average and 20 percent below the volume of the preceding season. The retail price per 42-pound carton averaged 20 cents higher in Chicago than in New York City from 1956-57 to 1961-62, but in 1961-62 the difference was considerably more -- \$10.42 per carton in Chicago compared with \$9.70 in New York City. Auction prices, which are usually higher in New York City, also differed by more than the 26-cent average of the last 6 seasons -- \$6.21 per carton in New York City compared with \$5.67 in Chicago.

The total marketing margin for apples marketed in Chicago rose sharply from 1960-61 to 1961-62 -- from \$6.42 to \$7.63 per carton. All but 3 cents of the increase was accounted for by an increase in the combined wholesale-retail margin. This margin was 46 percent of the retail

^{4/} The season includes October through April.

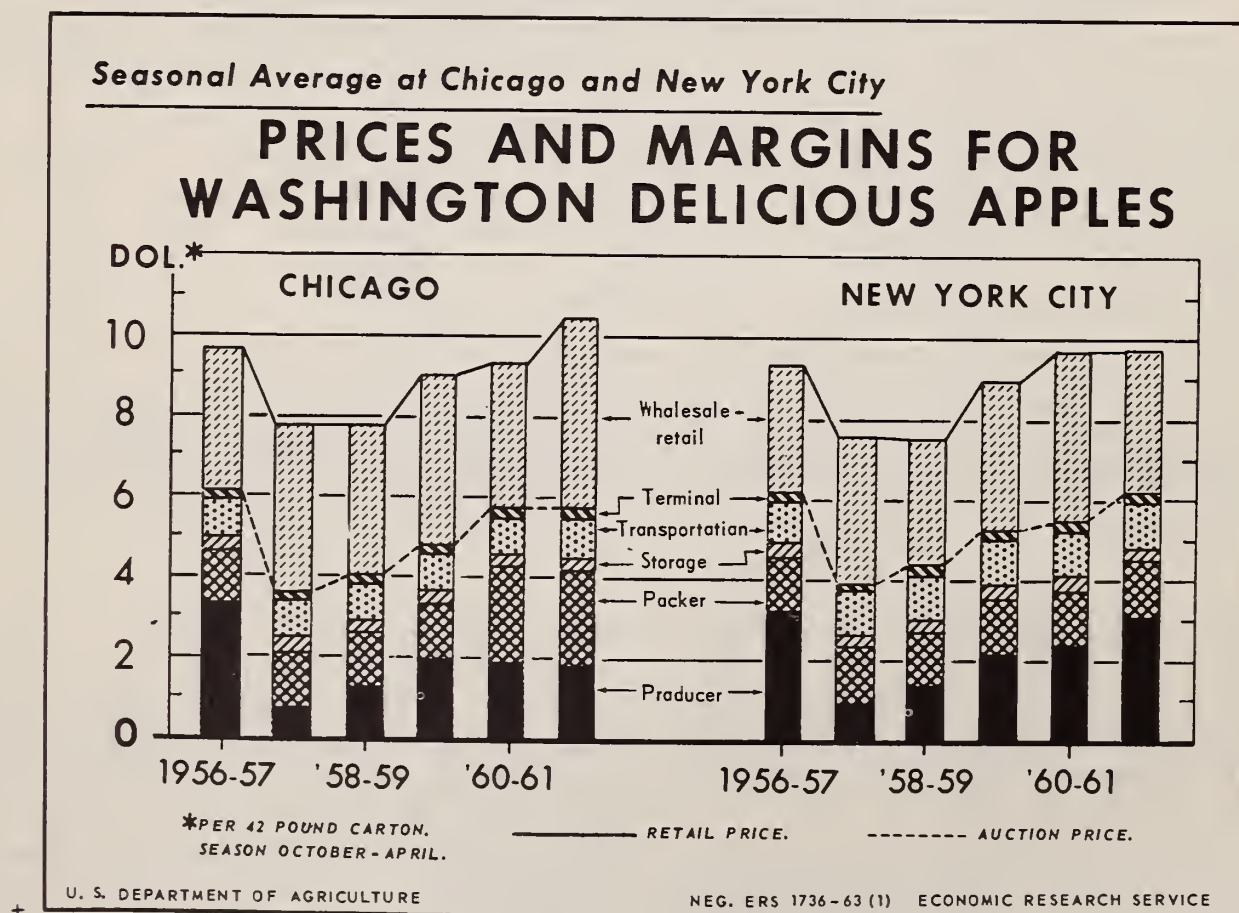


Figure 5

price in 1961-62 compared with 39 percent the preceding season. The entire retail price increase of \$1.16 was absorbed by the marketing system plus an additional 5 cents which came out of growers' returns. Therefore, returns to growers dropped from \$2.84 per carton in 1960-61 to \$2.79 in 1961-62. As a percentage of the retail price, farmers received 31 percent in 1960-61 and 27 percent in 1961-62. The average share to the growers from 1956-57 to 1961-62 was 24 percent.

The retail price of Washington Delicious apples sold in New York City in 1961-62 averaged 5 cents per carton higher than in 1960-61. The total marketing margin decreased 66 cents per carton in the same period. The growers received the benefit of both changes, and the average growers' return increased from \$2.35 per carton in 1960-61 to \$3.06 in 1961-62. As a percentage of the retail price, the 1960-61 returns to growers was 24 percent and the 1961-62 return, 32 percent. Growers received an average of 25 percent of the retail price for apples sold in New York

City in the 6 seasons.

Of the differences between the markets, most significant was the substantially smaller wholesale-retail margin in New York City. It was less than in Chicago during 5 of the 6 seasons by amounts ranging from 44 cents to \$1.26 per carton. Consequently, although consumers of Washington Delicious apples in New York City paid an average of 2 percent less than consumers in Chicago, the producers received slightly more for those sold in New York.

Oranges

Retail prices for California Navel and Valencia oranges in Chicago increased from 1961 to 1962 (table 9). The retail price of Florida oranges, however, declined. In each instance the retail price moved opposite to the change in volume of production.

The allocation of the retail price among various marketing agencies and the grower

Table 9.--Oranges: Retail prices, marketing margins and growers' returns for sales in Chicago, and seasonal production, 1961-1962 ^{1/}

Item	California Valencias		California Navels		Florida all varieties	
	1961	1962 ^{2/}	1960-61	1961-62 ^{2/}	1960-61	1961-62 ^{2/}
	<u>Dollars</u>	<u>Dollars</u>	<u>Dollars</u>	<u>Dollars</u>	<u>Dollars</u>	<u>Dollars</u>
Retail price ^{3/}	6.50	7.54	7.17	7.68	9.33	8.68
Total marketing margin....	4.81	5.70	4.84	4.87	6.51	6.85
Growers' returns.....	1.69	1.84	2.33	2.81	2.82	1.83
	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>
	<u>boxes</u>	<u>boxes</u>	<u>boxes</u>	<u>boxes</u>	<u>boxes</u>	<u>boxes</u>
Production.....	16,000	12,800	9,500	7,600	88,000	113,400

^{1/} California Valencia season - May through November; California Navel season - December through May; and Florida season - November through May.

^{2/} Preliminary.

^{3/} California data are for 37.5-pound cartons; Florida data are for 90-pound boxes.

changes from season to season. For example, of the \$1.04 increase in the Valencia price from 1961 to 1962, 89 cents went for marketing and 15 cents to the growers. The 51-cent increase in the Navel price went mostly to the growers -- 48 cents. Although the Florida orange price decreased 65 cents, the marketing margin increased 34 cents from 1960-61 to 1961-62. Both of these changes were absorbed by the growers, reducing their returns by 99 cents per box.

In the 1960-61 season, the percentage distribution of the retail price was quite similar for the 3 orange types, but in the following season wide differences occurred. Most noticeable were the large increase in the marketing margin for Florida oranges, from 70 to 79 percent of the retail price, and the large decrease in the growers' share, from 30 to 21 percent. The increase in the marketing charge was almost entirely in the wholesale-retail margin. In contrast, the share of the retail price to growers of California Navels increased from 32 percent in 1960-61 to 37 percent in 1961-62. As with Florida oranges, most of the change resulted from a change in the wholesale-retail share. For California Valencias, the growers' share decreased from 26 percent in 1961 to 24 percent in 1962. Also, there was some shifting among the marketing agencies. An increase in the wholesale-retail margin from 41 to 47 percent was partly offset by decreases in the shares for auction, transportation, and shipping-point services.

In summary, this is how the orange consumer's dollar was shared in 1960-61: California Valencias, 74 cents for marketing -- 26 for the grower; Florida, 70-30; and California Navels, 68-32. In the same order, the shares for 1960-62 were 76-24, 79-21, and 63-37.

Florida White Seedless Grapefruit

Prices and marketing margins for Florida grapefruit sold in Detroit and Pittsburgh were relatively stable from

1957-58 through 1960-61. In Detroit, the seasonal average retail price ranged from \$9.74 to \$10.37 per 1 3/5 bushel box. ^{5/} In Pittsburgh, the range was from \$8.88 to \$9.57.

Total marketing margins varied by 53 cents per box over the 4 seasons in Detroit or, as a percentage of the retail price, from 83 to 86 percent. In Pittsburgh, the total margin varied 86 cents per box during the 4 seasons, or from 81 to 85 percent of the retail value.

In both markets, the largest marketing cost was the combined wholesale-retail margin. For the 4 seasons, this margin averaged 67 percent of the retail price in Detroit and 63 percent in Pittsburgh. The second largest margin component was for shipping-point services, which included picking, hauling, packing and selling. This margin, which averaged about 19 percent of the retail price, increased nearly 5 percent during the 4 seasons. Most of the increase was in 1960-61.

Growers' returns from grapefruit sold in Pittsburgh from 1957-58 through 1960-61 ranged from \$1.40 to \$1.70 per box and from \$1.46 to \$1.75 or those marketed in Detroit. For fruit sold in Pittsburgh, the growers' return, both in dollars and as a percentage of the retail price, decreased each season. The total decrease was 30 cents per box or 18 percent. For fruits sold in Detroit, the growers received 6 cents more per box in 1960-61 than in the preceding season. However, the percentage of retail value remained at 15 percent.

The relative stability in grapefruit prices, margins, and growers' return during the 4 seasons may be partly explained by stability in the volume of production, and particularly in the part of the crop sold fresh. Fresh sales during the period ranged from 14,544,000 to 16,479,000 boxes, a variation of 13 percent. In comparison, sales of fresh Florida oranges varied 23 percent in the same period.

^{5/} Season extends from November through June.

California Lemons

For lemons sold fresh in New York City during 3 seasons (November-October), 1958-59 to 1960-61, seasonal average retail prices and marketing margins increased while the farm value decreased (table 10).

From 1958-59 to 1959-60, both the retail price and volume of production remained nearly constant. However, in 1960-61 production dropped by 3.1 million boxes or 18 percent, and the retail price increased 29 cents per carton or 4 percent.

During the 3 seasons, the retail price

increased 30 cents per carton while the total marketing margin increased 42 cents. All but 4 cents of the increase in the margin was in the combined wholesale-retail margin. This margin, as a percentage of the retail price, increased from 47 percent in 1958-59 to 50 percent in 1960-61.

As a consequence of marketing charges increasing more than the retail price, the growers' return decreased. This was true on both an absolute and percentage basis. In 1958-59, the growers' return was 17 percent of the retail price, in 1959-60, it was slightly more than 15 percent, and in 1960-61 it was slightly less than 15 percent.

Table 10.--California Lemons: Seasonal average retail price per carton, marketing margin, and farm value, New York City, 1958-59 to 1960-61

Item	:	1958-59	:	1959-60	:	1960-61
	:		:		:	
	:	<u>Dollars</u>		<u>Dollars</u>		<u>Dollars</u>
Retail price.....:	:	6.92		6.93		7.22
Marketing margin.....:	:	5.75		5.87		6.17
Farm value.....:	:	1.17		1.06		1.05
	:					

FEED MANUFACTURERS' AND DEALERS' GAINS AND LOSSES FROM

CONTRACT PROGRAMS IN THE MIDWEST ^{1/}

:
:
: Feed manufacturers and dealers have offered livestock and poultry :
: feeders a variety of feed-financing and contract programs. These :
: programs differ greatly in the degree of control and participation :
: by the manufacturer or dealer and in the quantity of feed per program. :
: There are informal programs that involve only the extension of credit :
: for the purchase of feed from the sponsor and formal programs that :
: provide for supervision of production and some risk-sharing. Many :
: of these programs in the Midwest have been unprofitable to the sponsors. :
: A recent study of 48 feeder-financing and contract programs showed :
: that 42 percent were unprofitable. The informal programs were more :
: frequently profitable than the formal programs. :
:
: Feed manufacturers and dealers have spurred the development of :
: contract farming in the United States in recent years. Their unprofitable :
: experience with financing and contract programs in the Midwest may :
: slow the growth of integration in livestock feeding in that area. :
:
: The following article presents the results of the study of 48 feeder :
: programs and considers the characteristics of the profitable and :
: unprofitable programs. :
:

Contract farming is a type of vertical integration which has increased sharply in the United States in recent years. Opinions, however, differ concerning future developments and trends in integration in the Midwest.

Feed manufacturers and dealers have been important innovators in contract farming. They were among the first to offer financing and contract programs to livestock and poultry farmers in the South and in other regions, including the Midwest. In 1959, nearly 20 percent of the total feed industry sales in the Midwest came under some sort of financing or contract program. A common feature of these programs is that they provide the livestock producer with credit for feed to be used during a specified period. In return, the livestock producer agrees to use the feed of the manufacturer (or

dealer) during the period.

Future developments in financing and contract programs in the Midwest will depend to a large extent upon the attitude of feed firms toward contracting. If feed manufacturers obtain satisfactory profits from contract programs, they will continue to promote them, provided there is continued acceptance by livestock feeders. But if profits are small or there are none, manufacturers may not stimulate further integration. Consequently, contracting with feeders would not likely expand further in the Midwest.

The major objective of the study was to compare potential profits to feed manufacturers from alternative financing and contract programs. Another objective was to ascertain future trends in the integration of feed manufacturing and livestock feeding

^{1/} Prepared by Nicholas M. Thuroczy, Marketing Economics Division, ERS. This article is based on a report by Dr. Richard Phillips, formerly a professor at Iowa State University, of research conducted by that university under contract with USDA.

in the Midwest. Added costs and added benefits to a sample of 24 feed manufacturers from 48 different contract programs in Iowa and surrounding States were analyzed. The effects on returns of different sizes and types of livestock programs also were evaluated.

The cost and income figures represent conditions in the feed industry in 1959 and 1960. Total industry feed sales in the Midwest tended to level off in these years. Furthermore, overall economic activity in the United States declined slightly in the second half of 1960. These 2 factors may have raised costs and lowered incomes to feed manufacturers slightly compared with other time periods. However, since this study measured the impact of programs in terms of net added costs and net added incomes, the effects of the 2 factors on net returns probably were small. The effect on feed manufacturers' total costs and total incomes from all sales may have been greater.

Analysis of Programs

The 48 different contract programs are grouped into 5 classes ranging from informal financing agreements to formal risk-sharing contract programs. Under informal programs (Classes I and II), feed manufacturers furnish the farmer credit for feed. In return, the farmer agrees to use a specified brand of feed during a stated time period. The feed manufacturer gives the farmer little or no production supervision.

Under formalized programs (Classes III and IV), the farmer meets certain minimum production standards and carries out a specified kind of feeding and management program in return for the feed credit given him. His feeding operation is controlled as well as supervised by the feed manufacturer. Under more formal agreements, the farmer may also agree to utilize a specified source or type of feeder (or breeder) stock and to carry out a specific marketing program.

Under risk-sharing programs (Class V), the feed company shares with the farmer

some production and price risks of the livestock enterprise. This is the most formalized program.

The total annual volume of feed sold under the 48 programs in the study was about 300,000 tons. Nearly half of the tonnage was hog feed. The average volume per agreement varied from about 2,000 tons for the cattle programs to nearly 14,000 for the turkey program (table 11).

Costs and Revenues

The added costs of conducting a financing and contract program came from 2 major sources: (1) The feed supplied under the program; and (2) other production items tied in with the program. Added expenses in the first category included salaries and wages of additional employees; printing costs, legal fees, and registration costs; added travel and meeting costs; interest costs for capital to finance the program; bad debt losses under the program; and added administrative and overhead costs. Sources of other costs for various production items tied in with the programs included interest costs for the capital to finance these items; bad debt losses; and handling costs for production supplies, breeder and feeder stock, and/or services arranged for by the feed manufacturer.

Analysis of these costs indicates that total added unit costs tended to increase with average volume and higher risk-sharing programs. The most important individual items of cost for these programs were interest on money to finance feed sales and added labor costs. Turkey programs were the most expensive and cattle programs the least expensive. The average feed tonnage was largest for turkey programs and smallest for cattle programs. Also, none of the turkey programs were in the 2 classes of informal programs, and all but 1 of the cattle programs were in those classes.

The added revenue to feed manufacturers under the financing and contract programs came from 3 major sources:

Table 11.--Feed financing and contract programs: Number and volume, by class and type of livestock, Midwest

Program type	All livestock		Hogs		Cattle	
	Programs	Sales	Programs	Sales	Programs	Sales
		volume		volume		volume
		per program		per program		per program
	Number	Tons	Number	Tons	Number	Tons
Class I (Informal).....	11	1,555	6	2,285	4	474
Class II.....	15	5,950	10	7,075	5	3,700
Class III.....	10	11,683	5	11,326	--	--
Class IV.....	7	13,330	--	--	--	--
Class V (Risk-sharing programs).....	5	2,659	2	3,574	1	300
Total or average.....	48	6,870	23	6,444	10	2,070
	Turkeys		Pullets			
	Programs	Sales	Programs	Sales		Sales
		volume		volume		volume
		per program		per program		per program
	Number	Tons	Number	Tons		Tons
Class I (Informal).....	--	--	1	1,500		
Class II.....	--	--	--	--		--
Class III.....	3	15,333	2	7,100		
Class IV.....	4	18,200	3	6,837		
Class V (Risk-sharing programs).....	2	2,925	--	--		--
Total or average.....	9	13,850	6	6,035		

(1) Revenues from the feed; (2) revenues from other production items; and (3) indirect income through savings in production and distribution of feed.

Revenue from feed included interest charges, service charges, and cash and other discounts saved because sales under the programs did not qualify for quantity, bulk, booking, and other discounts, including cash discounts.

Revenue from other production items (supplies) included interest charges, margins received on production supplies fur-

nished, margins received on breeder or feeder stock furnished, and other sources (such as margins on death insurance furnished).

The indirect benefits of the financing and contract programs to the feed manufacturers came through savings in ingredient costs, savings in the cost of transporting feeds, and lower manufacturing costs through increases in volume.

Total added revenue was smallest for the informal programs and tended to increase as arrangements became more

formal. The largest source of revenue was the interest charge on feed and on other production items financed. Savings in manufacturing costs through increased volume was the largest source of indirect income.

Revenue per ton of feed was largest for the turkey program and smallest for cattle and hog programs.

Net Returns

A manufacturer's net return from a program was measured by comparing the added costs of operating the program with added receipts and savings. Thus, the indirect benefits from the programs -- such as reduced ingredient costs, lower production costs, and savings in delivery -- were included in added revenue.

On the average, feed manufacturers seem to have had a net loss from their financing and contract programs in the Midwest. The direct out-of-pocket loss averaged \$2.07 per ton for all programs (table 12). Even considering the total indirect dollar benefits to the manufacturers, the absolute annual loss from these

programs still was \$0.87 per ton of feed. These average losses increased as the contract program became more formal and complete. Only from Class I programs were manufacturers able, on the average, to obtain a net profit -- \$1.52 per ton. From the Class V programs, feed manufacturers lost \$3.22 per ton. Table 12 suggests that programs with small volume tended to be more profitable than those with large volume.

Hog programs brought feed manufacturers the largest losses (table 13). The average loss was \$1.25 per ton of feed, even after considering the indirect benefits of \$1.19 per ton. Only the cattle programs produced a net gain -- 35 cents per ton. Cattle programs also had the smallest average tonnage.

Factors Influencing Profits

Gains and losses to manufacturers from the financing and contract programs were by no means uniform. Some individual programs in each class and for every type of livestock showed sizeable added gains. Three of the 48 programs, for example, produced direct in-pocket gains

Table 12.--Source of average net gain or loss per ton to feed manufacturers from contract feed programs and sales of feed per program, by type of program

Source of net gain or loss ^{1/}	Class I	Class II	Class III	Class IV	Class V	All classes
	<u>Dollars</u>	<u>Dollars</u>	<u>Dollars</u>	<u>Dollars</u>	<u>Dollars</u>	<u>Dollars</u>
Feed.....	0.92	(1.54)	(2.86)	(0.46)	(4.53)	(1.70)
Supplies.....	.06	(.02)	(.17)	(.98)	(.86)	(.37)
Savings in production...	.54	1.52	1.22	.85	2.17	1.20
Total.....	1.52	(.04)	(1.81)	(.59)	(3.22)	(.87)
	<u>Tons</u>	<u>Tons</u>	<u>Tons</u>	<u>Tons</u>	<u>Tons</u>	<u>Tons</u>
Average sales per program..	1,555	5,950	11,683	13,330	2,659	6,870

^{1/} Figures in parentheses denote losses.

Table 13.--Source of average net gain or loss per ton to feed manufacturers from contract feed programs and sales of feed per program by type of livestock

Source of net income <u>1/</u>	Type of livestock			
	Hogs	Cattle	Turkeys	Pullets
	<u>Dollars</u>	<u>Dollars</u>	<u>Dollars</u>	<u>Dollars</u>
Feed.....	(2.44)	(0.16)	(0.88)	(2.34)
Supplies.....	--	.12	(1.03)	.06
Savings in production.....	1.19	.39	1.33	1.34
Net gain or loss.....	(1.25)	.35	(.58)	(.94)
	<u>Tons</u>	<u>Tons</u>	<u>Tons</u>	<u>Tons</u>
Average sales per program.....	6,444	2,070	13,850	6,035

1/ Figures in parentheses denote losses.

of over \$5.00 per ton, 10 of them gains of over \$2.00 per ton. Three of the programs, however, resulted in net losses of over \$5.00 per ton, even after taking account of indirect benefits. Eleven of the programs used up the manufacturer's equity capital at a rate of over \$2.00 per ton, including indirect benefits.

Three major factors may have exerted various degrees of influence on feed manufacturers' profits from contract and financing programs: Class of contractual arrangement, type of livestock, and tonnage of feed per program. Often, however, the net effect of each factor on net returns was obscured by their combined influence on profits. Furthermore, some of the findings also might have been only coincidental, because there is no logical explanation why certain factors have an upward and others a downward influence on profits. For example, why should informal agreements to more profitable than formal agreements? Why should programs for certain types of livestock be profitable and those for other types unprofitable? Why should small-volume programs be more profitable than large-volume programs?

To answer some of these questions, the 48 programs were rearranged into 3 groups: (1) Those adding \$2.00 per ton or more to feed manufacturers' net incomes; (2) those whose net incomes or losses did not exceed \$2.00 per ton; and (3) those reducing manufacturers' net incomes by \$2.00 per ton or more (table 14).

Programs for the various types of livestock were proportionately distributed among these 3 groups. About one-half of the programs in each group were hog programs, about one-fourth were cattle programs, and the rest were pullet and turkey programs. This suggests that the type of livestock was not a major influence.

The distribution of programs by class among the 3 groups reveals that the class of program may have had some impact on manufacturers' profits. Relatively more informal programs were found in the profitable group. However, there was a great difference in feed tonnage per program. The volume of feed per program under the profitable group was only one-fourth of the tonnage contracted under the other 2 groups of programs.

Table 14.--Source of average net gain or loss per ton to feed manufacturers from profitable, average, and unprofitable contract programs, and average sales per program

Source of net gain or loss <u>1/</u>	Profitable	Average	Unprofitable
	<u>Dollars</u>	<u>Dollars</u>	<u>Dollars</u>
Feed <u>2/</u>	0.08	(0.70)	(5.18)
Supplies <u>3/</u>	1.03	(.83)	(.20)
Savings in production <u>4/</u>	1.93	1.28	.74
Total.....	3.04	(.25)	(4.64)
	<u>Tons</u>	<u>Tons</u>	<u>Tons</u>
Average sales per program.....	2,484	9,644	9,259
Number of programs.....	18	19	11

1/ Figures in parentheses denote losses.

2/ Difference between cost and revenue. Costs include added labor, printing, travel, interest, bad debt, and added overhead. Revenues include interest, service charges, and cash discounts saved.

3/ Difference between cost and revenue. Costs include interest, bad debt and handling. Revenues include interest, margin on supplies, margin on stock, and other.

4/ Revenues only from plant savings on ingredients, delivery, and increased volume.

A comparison of the net gain or loss among the 3 groups of programs reveals that the profitable programs resulted in an average gain to feed manufacturers -- \$3.04 per ton over normal feed sales or approximately \$7,500 per program (table 14). The unprofitable programs produced an average loss of \$4.64 per ton or \$43,000 per program. Thus, the profitable programs returned an average of \$7.68 per ton more than the less profitable programs.

Data in table 14 show that the small-volume programs were more profitable on the average than large-volume programs. This is even more clearly demonstrated in table 15. The percentage of programs yielding profits to feed manufacturers gradually declined as the tonnage under the program increased.

Table 15 reveals 2 additional important features of the financial and contract

programs in the Midwest. First, a surprisingly large percentage of the programs were not profitable to the feed manufacturer. Even when indirect incomes "or fringe benefits" of all programs were considered, nearly half of the programs were unprofitable. Nearly 2 out of 3 manufacturers incurred some losses from turkey programs. Even under the cattle program, 1 out of every 3 incurred some losses. Second, indirect incomes or "fringe benefits", such as savings in cost of production and distribution, were important items in determining profitability of the various programs. A large percentage of the individual programs became profitable when these indirect benefits were added to direct incomes.

Small-scale contract programs may be more successful financially than large-scale programs for several reasons:

On the cost side, smaller programs

Table 15.--Percentage of financing and contract programs yielding profits to the feed manufacturers, by volume, type of livestock, and class

Program type and class <u>1/</u>	Programs	Average volume per program	Percentage of programs profitable	
			With direct income only	Including indirect incomes
<u>Type</u>	<u>Number</u>	<u>Tons</u>	<u>Percent</u>	<u>Percent</u>
Cattle.....	10	2,070	60	70
Pullet.....	6	6,035	34	58
Hog.....	23	6,444	38	62
Turkey.....	9	13,850	23	34
<u>Class</u>				
I (mixed).....	11	1,555	84	100
V (risk-sharing)....	5	2,659	40	60
II.....	15	5,950	34	55
III.....	10	11,683	20	20
IV.....	7	13,330	15	47
All programs.....	48	6,870	40	58

1/ Arranged according to averaged volume of sales per program.

can be conducted with little or no addition to staff. There are savings through lower costs per ton of feed for printing and for legal, registration, and other contract fees, and lower travel costs. Many of the small programs in this study were informal.

On the revenue side, the advantage of small-scale contract programs is even more apparent. Farmers are highly responsive to financially attractive contract programs. Programs in which feed and services are priced below manufacturers' costs attract many farmers and, therefore, tend to become the large-volume sellers. Programs, on the other hand, that are priced above manufacturers' costs are less attractive to the farmers.

Considering the sharp bidding by feed manufacturers for additional contract tonnage in the areas covered by this study, this explanation appears quite reasonable.

Further support for this explanation was given by a detailed analysis of revenue derived from the programs studied. Interest charges and cash discounts to farmers are some of the major tools by which feed manufacturers can expand sales. Interest charges, for example, were conspicuously greater per ton for small programs than for large ones.

Implications of Findings

The frequently unsatisfactory experience of feed manufacturers with financing and contract programs in the Midwest has 2 major implications for the feed industry. One concerns the structure of the industry and the other its operating efficiency.

Because of small profits to feed manufacturers from contract programs, further large-scale integration in the feed industry is not likely to take place in the Midwest. Conditions will have to change drastically

before feed manufacturers will seek additional feeder contracts in the Midwest -- to near the extent they are used in commercial broiler production areas. And if there is any expansion of feeder contracts in the Midwest, it is likely to be restricted to small-scale and to less formalized agreements. Where feeder contracts are widely used by feed manufacturers in the Midwest, e.g., in feeding turkeys, there is little or no incentive toward further integration.

From the point of view of the feed manufacturing industry, the findings of the study imply that effective management is a highly important factor affecting the profitability of contract program operations. Programs with the same general provisions and differing only in detail

varied widely in profitability to feed manufacturers; although many of the larger programs were unprofitable, many other large programs were highly profitable.

Feed manufacturers might increase the profitability of their operations by careful reappraisal of the specific added costs and added charges of their program operations. This in many instances may necessitate adjustment of charges to cover at least the actual cost of operation. The spread of \$8.00 per ton between the profitable and the unprofitable programs studied (table 14) is a strong incentive to feed manufacturers to control their program operations. The incentive is even greater when the results of individual programs are compared.

SELECTED NEW PUBLICATIONS

1. "Analysis of Costs and Benefits to Feed Manufacturers From Financing and Contract Programs in the Northwest," by Richard Phillips, Iowa Expt. Sta., Spec. Rpt. 30, Oct. 1962.
2. "Convenience Foods in the Grocery Basket," by Harry H. Harp and Dennis F. Dunham, U.S. Dept. Agr., Econ. Res. Serv., Mktg. Bull. 22, Sept. 1962.
3. "Costs of Procurement and Assembly of Eggs in Three Midwestern States," by Robert M. Conlogue, U.S. Dept. Agr., ERS-92, Oct. 1962.
4. "Developments in Marketing Spreads for Products in 1961," [Reprinted from Hearings Before the Subcommittee of the Committee on Appropriations, United States Senate, Eighty-Seventh Congress, Second Session], U.S. Dept. Agr., ERS-14 (1962), Oct. 1962.
5. "Estimated Number of Days' Supply of Food and Beverages in Retail Stores, 1962 -- A Civil Defense Study," by Michael G. VanDress, U.S. Dept. Agr., Econ. Res. Ser., MRR-577, Dec. 1962.
6. "For-Hire Motor Carriers Hauling Exempt Agricultural Commodities Nature and Extent of Operations," by Mildred R. DeWolfe, U.S. Dept. Agr., Econ. Res. Ser., MRR-585, Jan. 1963.
7. "Labor and Capital for Mixing Formula Feeds," by Carl J. Vosloh, Jr., U.S. Dept. Agr., Econ. Res. Ser., MRR-564, Oct. 1962.
8. "Marketing Costs and Labor Productivity in Commercial Egg Packing Plants," by Harold B. Jones and Jack C. Thompson, U.S. Dept. Agr., Econ. Res. Ser., Bull. N.S. 93, June 1962. (U.S. Dept. Agr. and Ga. Expt. Sta. Cooperating.)
9. "Marketing Margins for White Bread," U.S. Dept. Agr., Econ. Res. Ser., Misc. Pub. 712, revised Nov. 1962.
10. "Milk Distributors' Operations -- Analysis of Growth, Sales Distribution, Costs, and Profits," by D. D. MacPherson, U.S. Dept. Agr., ERS-84, Nov. 1962.
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13. "The Organization of the Wholesale Fruit and Vegetable Market in Detroit, Albany-Schenectady-Troy, and West Virginia," by Alden C. Manchester, U.S. Dept. Agr., Econ. Res. Ser., MRR-562, Oct. 1962.
14. "The Organization of the Wholesale Fruit and Vegetable Market in Seattle-Tacoma, Portland, and Spokane," by W. Fred Chapman, U.S. Dept. Agr., Econ. Res. Ser., MRR-563, Oct. 1962.
15. "The Pecan Shelling and Processing Industry -- Practices, Problems, Prospects," by Jules V. Powell and Donn A. Reimund, U.S. Dept. Agr., Econ. Res. Ser., AER-15, Sept. 1962.

Publications issued by State Agricultural Experiment
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LIST OF SPECIAL ARTICLES

in

The Marketing and Transportation Situation
1962

Marketing Costs, Margins, and Profits

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Prices of Intermediate Goods and Services Used in Marketing Farm Foods	May
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Transportation

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Transportation Review and Outlook	Nov.
Agricultural Traffic on the St. Lawrence Seaway	Nov.
Recent Trends in Air Movement of Agricultural Perishables	Nov.

Miscellaneous

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Marketing Food Domestically in Jamaica	Aug.
Advertising Expenditures by Food Marketing Corporations, 1950, 1951, and 1953-61	Aug.
The Consumers' Advisory Council	Nov.
The Pilot Food Stamp Program -- A Continuing Experiment	Nov.

Table 16.- Farm food products: Retail cost, farm value of equivalent quantities sold by producers, byproduct allowance, farm-retail spread, and farmer's share of retail cost, October-December 1962 ^{1/}

Product ^{2/}	Farm equivalent	Retail unit	Retail cost	Gross farm value	Byproduct allowance	Net farm value	Farm-retail spread	Farmer's share
			Dollars	Dollars	Dollars	Dollars	Dollars	Percent
Market basket ^{3/}			1,068.84	---	---	410.01	658.83	38
Meat products			290.77	---	---	157.03	133.74	54
Dairy products			200.25	---	---	88.24	112.01	44
Poultry and eggs		Average quantities purchased per urban wage-earner and clerical-worker family in 1952	88.90	---	---	53.74	35.16	60
Bakery and cereal products	Farm produce equivalent to products bought by urban families							
All ingredients			171.44	---	---	30.51	140.93	18
Grain			---	26.91	3.31	23.60	---	14
All fruits and vegetables			229.80	---	---	62.62	167.18	27
Fresh fruits and vegetables			137.20	---	---	44.31	92.89	32
Fresh vegetables			66.76	---	---	19.07	47.69	29
Processed fruits and vegetables			92.61	---	---	18.32	74.29	20
Fats and oils			42.70	---	---	10.62	32.08	25
Miscellaneous products			44.97	---	---	7.24	37.73	16
			Cents	Cents	Cents	Cents	Cents	Percent
Beef (Choice grade)	2.25 lb. Choice grade cattle	Pound	85.6	61.0	4.9	56.1	29.5	66
Lamb (Choice grade)	2.38 lb. lamb	Pound	72.3	42.4	6.4	36.0	36.3	50
Pork (retail cuts)	2.13 lb. hogs	Pound	59.9	35.1	4.1	31.0	28.9	52
Butter	Cream and whole milk	Pound	75.0	---	---	53.7	21.3	72
Cheese, American process	Milk for American cheese	1/2 Pound	36.1	---	---	14.3	21.8	40
Ice cream	Cream and milk	1/2 gallon	85.4	---	---	42.2	63.2	26
Milk, evaporated	Milk for evaporating	1 1/2 ounce can	15.5	---	---	6.1	9.4	39
Milk, fluid	Wholesale fluid milk	Quart	25.3	---	---	10.9	14.4	43
Chickens, frying, ready-to-cook	1.37 lb. broilers	Pound	40.4	---	---	20.0	20.4	50
Eggs	1.03 doz.	Dozen	55.4	---	---	37.5	17.9	68
Bread, white								
All ingredients	Wheat and other ingredients	Pound	21.2	---	---	3.1	18.1	15
Wheat .....	.882 lb. wheat	Pound	---	2.9	.3	2.6	---	12
Crackers, soda	1.38 lb. wheat	Pound	31.1	4.6	.6	4.0	27.1	13
Corn flakes	1.57 lb. white corn	12 ounces	28.0	2.8	.7	2.1	25.9	8
Corn meal	1.34 lb. white corn	Pound	14.2	2.4	.3	2.1	12.1	15
Flour, white	6.9 lb. wheat	5 pounds	57.4	23.0	2.8	20.2	37.2	35
Rolled oats	2.31 lb. oats	18 ounces	24.0	4.5	.6	3.9	20.1	16
Apples	1.08 lb. apples	Pound	14.1	---	---	5.4	8.7	38
Grapefruit	1.04 grapefruit	Each	14.0	---	---	2.4	11.6	17
Lemons	1.04 lb. lemons	Pound	23.6	---	---	7.6	16.0	32
Oranges	1.04 doz. oranges	Dozen	83.3	---	---	22.9	60.4	27
Beans, green	1.09 lb. snap beans	Pound	24.9	---	---	10.3	14.6	41
Cabbage	1.10 lb. cabbage	Pound	8.5	---	---	2.2	6.3	26
Carrots	1.06 lb. carrots	Pound	14.9	---	---	3.2	11.7	21
Celery	1.11 lb. celery	Pound	13.2	---	---	3.3	9.9	25
Lettuce	1.41 lb. lettuce	Head	18.6	---	---	5.7	12.9	31
Onions	1.06 lb. onions	Pound	9.8	---	---	2.0	7.8	20
Potatoes	10.42 lb. potatoes	10 pounds	61.0	---	---	15.2	45.8	25
Sweetpotatoes	1.12 lb. sweetpotatoes	Pound	13.3	---	---	3.9	9.4	29
Tomatoes	1.13 lb. tomatoes	Pound	27.3	---	---	9.8	17.5	36
Orange juice, canned	5.88 lb. Fla. oranges for canning	46 ounce can	40.2	---	---	10.9	29.3	27
Peaches, canned	1.89 lb. Calif. cling	No. 2-1/2 can	31.9	---	---	6.1	25.8	19
Beans with pork, canned .....	.35 lb. Mich. dry beans	16 ounce can	15.0	---	---	2.1	12.9	14
Corn, canned	2.49 lb. sweet corn	No. 303 can	19.7	---	---	2.4	17.3	12
Peas, canned .....	.69 lb. peas for canning	No. 303 can	22.5	---	---	2.9	19.6	13
Tomatoes, canned	1.84 lb. tomatoes for processing	No. 303 can	15.5	---	---	2.6	12.9	17
Orange juice concentrate, frozen	3.05 lb. Fla. oranges for frozen concentrated juice	6 ounce can	19.7	---	---	7.6	12.1	39
Strawberries, frozen .....	.51 lb. strawberries for processing	10 ounces	27.2	---	---	6.1	21.1	22
Beans, green, frozen .....	.71 lb. beans for processing	9 ounces	22.8	---	---	4.1	18.7	18
Peas, frozen .....	.70 lb. peas for freezing	10 ounces	20.8	---	---	3.0	17.8	14
Dried beans (navy)	1.00 lb. Mich. dry beans	Pound	17.5	---	---	6.0	11.5	34
Dried prunes .....	.97 lb. dried prunes	Pound	39.7	---	---	14.8	24.9	37
Margarine, colored	Soybeans, cottonseed, and milk	Pound	27.9	---	---	6.5	21.4	23
Peanut butter	1.77 lb. peanuts	Pound	57.8	---	---	20.0	37.8	35
Salad dressing	Cottonseed, soybeans, sugar, and eggs	Pint	38.3	---	---	6.1	32.2	16
Vegetable shortening	Soybeans and cottonseed	3 pounds	85.6	---	---	23.3	62.3	27
Corn sirup	1.90 lb. corn	24 ounces	27.5	3.4	.8	2.6	24.9	9
Sugar	38.47 lb. sugar beets	5 pounds	58.8	21.8	1.1	520.7	538.1	535

^{1/} The methods of calculation and the sources of price data are given in Part II of "Farm-Retail Spreads for Food Products," U. S. Dept. Agr. Misc. Pub. 741, 1957.

^{2/} Product groups include more items than those listed in this table. For example, the meat products group includes veal and lower grades of beef in addition to carcass beef of Choice grade, lamb, and pork.

^{3/} Market basket total may differ slightly from sum of product group totals because of rounding of averages.

^{4/} Farm value of cream and milk only.

^{5/} Net farm value adjusted for Government payments to producer was 25.3 cents, farm-retail spread adjusted for Government processor tax was 35.4 cents, and farmer's share of retail cost based on adjusted farm value was 43 percent.

Table 17.- Farm food products: Retail cost and farm value, October-December 1962,
July-September 1962, October-December 1961, and 1947-49 average 1/

Product 2/	Retail unit	Retail cost						Net farm value 3/					
		Oct.-		July-		Oct.-		Oct.-		July-		Oct.-	
		Dec.		Sept.		Dec.		Dec.		Sept.		Dec.	
		1962	1962	1962	1962	1961	1961	1962	1962	1962	1962	1961	1961
		Dollars	Dollars	Dollars	Dollars	Percent	Percent	Dollars	Dollars	Dollars	Dollars	Percent	Percent
Market basket 5/		1,068.84	1,073.30	1,048.75	940.09	6/	2	410.01	413.20	401.20	466.02	-1	2
Meat products		290.77	289.59	4276.57	256.08	6/	5	157.03	157.81	142.82	170.90	6/	10
Dairy products		200.25	199.77	4203.00	169.28	6/	-1	88.24	487.56	90.98	91.66	1	-3
Poultry and eggs	Average quantities purchased per urban wage-earner and clerical-worker family in 1952	88.90	83.73	485.53	117.01	6	4	53.74	51.14	51.63	80.69	5	4
Bakery and cereal products		171.44	170.95	4168.29	121.96	6/	2	30.51	430.86	30.42	34.97	-1	6/
All ingredients		---	---	---	---	---	---	23.60	423.85	22.72	24.96	-1	4
Grain		229.80	241.24	4226.77	184.68	-5	1	62.62	67.98	65.35	60.93	-8	-4
Fresh fruits and vegetables		137.20	147.67	4129.46	103.91	-7	6	44.31	448.59	43.00	42.91	-9	3
Fresh vegetables		66.76	70.44	463.97	53.17	-5	4	19.07	21.35	18.30	22.97	-11	4
Processed fruits and vegetables		92.61	93.56	97.32	---	-1	-5	18.32	419.39	22.35	---	-6	-18
Fats and oils		42.70	43.05	43.76	52.21	-1	-2	10.62	10.41	12.76	19.84	2	-17
Miscellaneous products		44.97	44.97	44.83	38.87	0	6/	7.24	47.45	7.24	7.03	-3	0
		Cents	Cents	Cents	Cents	Percent	Percent	Cents	Cents	Cents	Cents	Percent	Percent
Beef (Choice grade)	Pound	85.6	83.0	78.9	68.5	3	8	56.1	53.3	48.0	48.5	5	17
Lamb (Choice grade)	Pound	72.3	72.5	66.1	63.9	6/	9	36.0	38.3	31.0	44.2	-6	16
Pork (retail cuts)	Pound	59.9	62.2	458.8	59.4	-4	2	31.0	34.1	30.8	39.7	-9	1
Butter	Pound	75.0	74.7	76.3	79.4	6/	-2	53.7	54.1	56.1	59.3	-1	-4
Cheese, American process	1/2 Pound	36.1	36.1	36.3	29.8	0	-1	14.3	14.1	15.2	16.0	1	-6
Ice cream	1/2 gallon	85.4	85.4	486.3	---	0	-1	722.2	4722.4	723.6	---	-1	-6
Milk, evaporated	14 1/2 ounce can	15.5	15.4	15.8	13.7	1	-2	6.1	6.1	6.4	7.1	0	-5
Milk, fluid	Quart	25.3	25.2	25.7	20.1	6/	-2	10.9	10.7	11.1	10.6	2	-2
Chickens, frying, ready-to-cook	Pound	40.4	40.4	36.1	---	0	12	20.0	21.2	18.0	---	-6	11
Eggs	Dozen	55.4	50.0	55.8	66.7	11	-1	37.5	33.7	37.2	48.0	11	1
Bread, white													
All ingredients	Pound	21.2	21.2	21.0	13.5	0	1	3.1	3.1	3.0	3.3	0	3
Wheat	Pound	---	---	---	---	---	---	2.6	2.6	2.4	2.7	0	8
Crackers, soda	Pound	31.1	31.1	30.2	---	0	3	4.0	4.1	3.8	---	-2	5
Corn flakes	12 ounces	28.0	27.5	26.8	17.1	2	4	2.1	2.5	2.7	3.2	-16	-22
Corn meal	Pound	14.2	14.1	13.4	11.8	1	6	2.1	2.5	2.8	3.6	-16	-25
Flour, white	5 pounds	57.4	57.2	55.7	48.4	6/	3	20.2	20.5	19.1	21.0	-1	6
Rolls oats	18 ounces	24.0	23.8	22.5	14.5	1	7	3.9	3.8	3.9	4.9	3	0
Apples	Pound	14.1	19.6	13.3	11.9	-28	6	5.4	5.3	5.0	4.4	2	8
Grapefruit	Each	14.0	15.4	414.1	8.5	-9	-1	2.4	3.3	2.1	1.4	-27	14
Lemons	Pound	23.6	19.6	419.2	17.7	20	23	7.6	5.3	4.0	5.7	43	90
Oranges	Dozen	83.3	79.8	477.6	46.6	4	7	22.9	27.6	24.5	12.6	-17	-7
Beans, green	Pound	24.9	21.3	22.7	21.1	17	10	10.3	9.5	8.4	9.3	8	23
Cabbage	Pound	8.5	8.6	8.0	6.9	-1	6	2.2	2.3	1.9	1.9	-4	16
Carrots	Pound	14.9	15.5	14.8	11.1	-4	1	3.2	43.9	3.5	4.0	-18	-9
Celery	Pound	13.2	15.7	13.8	---	-16	-4	3.3	5.5	4.0	---	-40	-17
Lettuce	Head	18.6	17.6	17.4	14.5	6	7	5.7	5.0	5.4	6.3	14	6
Onions	Pound	9.8	11.5	10.0	8.4	-15	-2	2.0	3.1	3.5	3.7	-35	-43
Potatoes	10 pounds	61.0	69.6	56.0	51.9	-12	9	15.2	20.6	12.5	25.6	-26	22
Sweetpotatoes	Pound	13.3	16.8	14.4	11.6	-21	-8	3.9	4.7	4.7	4.8	-17	-17
Tomatoes	Pound	27.3	25.4	26.7	---	7	2	9.8	7.8	9.0	---	26	9
Orange juice, canned	46 ounce can	40.2	41.1	48.7	---	-2	-17	10.9	12.7	17.8	---	-14	-39
Peaches, canned	No. 2-1/2 can	31.9	32.9	32.5	31.5	-3	-2	6.1	46.2	6.4	5.3	-2	-5
Beans with pork, canned	16 ounce can	15.0	15.0	14.8	---	0	1	2.1	2.2	2.1	---	-5	0
Corn, canned	No. 303 can	19.7	20.0	20.5	16.7	-1	-4	2.4	42.4	2.3	2.7	0	4
Peas, canned	No. 303 can	22.5	22.6	22.2	21.4	6/	1	2.9	42.9	3.0	3.0	0	-3
Tomatoes, canned	No. 303 can	15.5	15.6	415.8	14.2	-1	-2	2.6	2.7	2.7	2.6	-4	-4
Orange juice concentrate, frozen	6 ounce can	19.7	19.9	24.2	---	-1	-19	7.6	7.6	11.8	---	0	-36
Strawberries, frozen	10 ounces	27.2	27.1	27.1	---	6/	6/	6.1	6.1	6.0	---	0	2
Beans, green, frozen	9 ounces	22.8	22.9	22.6	---	6/	1	4.1	4.1	4.1	---	0	0
Peas, frozen	10 ounces	20.8	20.8	20.5	---	0	1	3.0	3.0	3.0	---	0	0
Dried beans (navy)	Pound	17.5	17.3	17.2	19.9	1	2	6.0	6.3	6.0	9.7	-5	0
Dried prunes	Pound	39.7	40.9	41.8	23.1	-3	-5	14.8	16.1	17.5	8.8	-8	-15
Margarine, colored	Pound	27.9	28.0	28.9	39.7	6/	-3	6.5	6.3	8.3	12.2	3	-22
Peanut butter	Pound	57.8	57.7	56.0	---	6/	3	20.0	19.0	19.7	---	5	2
Salad dressing	Pint	39.3	39.3	39.3	37.8	0	0	5.1	6.0	7.2	10.0	2	-15
Vegetable shortening	3 pounds	85.6	87.6	90.7	105.6	-2	-6	23.3	22.7	30.5	46.2	3	-24
Corn sirup	24 ounces	27.5	27.4	27.1	---	6/	1	2.6	2.8	2.5	---	-7	4
Sugar	5 pounds	58.8	53.7	58.2	48.4	6/	1	20.7	421.0	20.3	19.4	-1	2

1/ The methods of calculation and the sources of price data are given in Part II of "Farm-Retail Spreads for Food Products," U. S. Dept. Agr. Misc. Pub. 741, 1957.

2/ Product groups include more items than those listed in this table. For example, the meat products group includes veal and lower grades of beef in addition to carcass beef of Choice grade, lamb, and pork.

3/ Gross farm value adjusted to exclude imputed values of byproducts obtained in processing.

4/ Most farm value figures for October-December 1961 have been revised; figures in other columns revised as indicated.

5/ Sum of product groups may differ slightly from market basket total because of rounding of averages.

6/ Less than 0.5 percent.

7/ Farm value of cream and milk only.

Table 18. - Farm food products: Farm-retail spread and farmer's share of the retail cost, October-December 1962, July-September 1962, October-December 1961 and 1947-49 average 1/

Product 2/	Retail unit	Farm-retail spread 3/						Farmer's share			
		Oct.- Dec. 1962	July- Sept. 1962	Oct.- Dec. 1961	1947-49 average	Percentage change from -		Oct.- Dec. 1962	July- Sept. 1962	Oct.- Dec. 1961	1947-49 average
						July- Sept. 1962	Oct.- Dec. 1961				
		Dollars	Dollars	Dollars	Dollars	Percent	Percent	Percent	Percent	Percent	Percent
Market basket 5/		658.83	4/660.10	647.55	474.07	6/	2	38	38	38	50
Meat products		133.74	131.78	133.75	85.18	1	6/	54	54	4/52	67
Dairy products		112.01	4/112.21	112.02	77.62	6/	6/	44	44	4/45	54
Poultry and eggs	Average quantities purchased per urban wage-earner and clerical-worker family in 1952	35.16	32.59	33.90	36.32	8	4	60	61	60	69
Bakery and cereal products		140.93	4/140.09	137.87	86.99	1	2	18	18	18	29
All ingredients		---	---	---	---	---	---	14	14	14	20
Grain		167.18	173.26	161.42	123.75	4	4	27	28	29	33
All fruits and vegetables		92.89	4/99.08	86.46	61.00	-6	7	32	33	33	41
Fresh fruits and vegetables		47.69	49.09	45.67	30.20	-3	4	29	30	29	43
Fresh vegetables		74.29	4/74.17	74.97	---	6/	-1	20	21	23	---
Processed fruits and vegetables		32.08	32.64	31.00	32.37	-2	3	25	24	29	38
Fats and oils		37.73	4/37.52	37.59	31.84	1	6/	16	4/17	16	18
Miscellaneous products											
		Cents	Cents	Cents	Cents	Percent	Percent	Percent	Percent	Percent	Percent
Beef (Choice grade)	Pound	29.5	29.7	30.9	20.0	-1	-5	66	64	4/61	71
Lamb (Choice grade)	Pound	36.3	34.2	35.1	19.7	6	3	50	53	47	69
Pork (retail cuts)	Pound	28.9	28.1	28.0	19.7	3	3	52	55	52	67
Butter	Pound	21.3	4/20.6	20.2	20.1	3	5	72	4/72	4/74	75
Cheese, American process	1/2 Pound	21.8	22.0	21.1	13.8	-1	3	40	39	42	54
Ice cream	1/2 gallon	63.2	4/63.0	62.7	---	6/	1	26	26	27	---
Milk, evaporated	1 1/4 ounce can	9.4	9.3	9.4	6.6	1	0	39	40	41	52
Milk, fluid	Quart	14.4	14.5	14.6	9.5	-1	-1	43	42	43	53
Chickens, frying, ready-to-cook	Pound	20.4	19.2	18.1	---	6	13	50	52	50	---
Eggs	Dozen	17.9	16.3	18.6	18.7	10	4	68	67	4/67	72
Bread, white											
All ingredients	Pound	18.1	18.1	18.0	10.2	0	1	15	15	14	24
Wheat	Pound	---	---	---	---	---	---	12	12	11	20
Crackers, soda	Pound	27.1	27.0	26.4	---	6/	3	13	13	13	---
Corn flakes	12 ounces	25.9	25.0	24.1	13.9	4	7	8	9	10	19
Corn meal	Pound	12.1	11.6	10.6	8.2	4	14	15	18	21	31
Flour, white	5 pounds	37.2	36.7	36.6	27.4	1	2	35	36	34	43
Rolls oats	18 ounces	20.1	20.0	18.6	9.6	1	8	16	16	17	34
Apples	Pound	8.7	14.3	8.3	7.5	-39	5	38	27	38	37
Grapefruit	Each	11.6	12.1	12.0	7.1	4	-3	17	21	15	16
Lemons	Pound	16.0	14.3	15.2	12.0	12	5	32	27	4/21	32
Oranges	Dozen	60.4	52.2	53.1	34.0	16	14	27	35	4/32	27
Beans, green	Pound	14.6	11.8	14.3	11.8	24	2	41	45	37	44
Cabbage	Pound	6.3	6.3	6.1	5.0	0	3	25	27	24	28
Carrots	Pound	11.7	4/11.6	11.3	7.1	1	4	21	25	24	36
Celery	Pound	9.9	10.2	9.8	---	-3	1	25	35	29	---
Lettuce	Head	12.9	12.6	12.0	8.2	2	8	31	28	31	43
Onions	Pound	7.8	8.4	6.5	4.7	-7	20	20	27	35	44
Potatoes	10 pounds	45.8	49.0	43.5	26.3	-7	5	25	30	4/22	49
Sweetpotatoes	Pound	9.4	12.1	9.7	6.8	-22	-3	29	28	33	41
Tomatoes	Pound	17.5	17.6	17.7	---	-1	-1	36	31	34	---
Orange juice, canned	4/6 ounce can	29.3	28.4	30.9	---	3	-5	27	31	37	---
Peaches, canned	No. 2-1/2 can	25.8	4/26.7	25.1	26.2	-3	-1	19	19	4/20	17
Beans with pork, canned	16 ounce can	12.9	12.8	12.7	---	1	2	14	15	14	---
Corn, canned	No. 303 can	17.3	4/17.6	18.2	14.0	-2	-5	12	12	11	16
Peas, canned	No. 303 can	19.6	4/19.7	19.2	18.4	-1	2	13	13	4/14	14
Tomatoes, canned	No. 303 can	12.9	12.9	13.1	11.6	0	-2	17	17	17	18
Orange juice concentrate, frozen	6 ounce can	12.1	12.3	12.4	---	-2	-2	39	38	49	---
Strawberries, frozen	10 ounces	21.1	21.0	21.1	---	6/	0	22	23	22	---
Beans, green, frozen	9 ounces	18.7	4/18.8	18.5	---	-1	1	18	18	4/18	---
Peas, frozen	10 ounces	17.8	17.8	17.5	---	0	2	14	14	15	---
Dried beans (navy)	Pound	11.5	11.0	11.2	10.2	5	3	34	36	35	49
Dried prunes	Pound	24.9	24.8	24.3	14.3	6/	2	37	39	42	38
Margarine, colored	Pound	21.4	21.7	20.6	27.5	-1	4	23	23	29	31
Peanut butter	Pound	37.8	38.7	36.3	---	-2	4	35	33	35	---
Salad dressing	Pint	32.2	32.3	31.1	27.8	6/	4	16	16	19	26
Vegetable shortening	3 pounds	62.3	64.9	60.2	59.4	4	3	27	26	4/34	44
Corn sirup	24 ounces	24.9	24.6	24.6	---	1	1	9	10	9	---
Sugar	5 pounds	38.1	4/37.7	37.9	29.0	1	1	35	4/36	4/35	40

1/ The methods of calculation and the sources of price data are given in Part II of "Farm-Retail Spreads for Food Products," U. S. Dept. Agr. Misc. Pub. 741, 1957.

2/ Product groups include more items than those listed in this table. For example, the meat products group includes veal and lower grades of beef in addition to carcass beef of Choice grade, lamb, and pork.

3/ The farm-retail spread is the difference between the retail cost and the net farm value, table on opposite page.

4/ Most farm-retail spread figures for October-December 1961 have been revised; figures in other columns revised as indicated.

5/ Sum of product groups may differ slightly from market basket total because of rounding of averages.

6/ Less than 0.5 percent.

Table 19.- Farm food products: Retail cost, farm value of equivalent quantities sold by producers, byproduct allowance, farm-retail spread, and farmer's share of retail cost, annual 1961 1/

Product 2/	Farm equivalent	Retail unit	Retail cost	Gross farm value	Byproduct allowance	Net farm value	Farm-retail spread	Farmer's share
			Dollars	Dollars	Dollars	Dollars	Dollars	Percent
Market basket 3/			1060.19	---	---	405.75	654.44	38
Meat products			277.56	---	---	142.32	135.24	51
Dairy products			201.97	---	---	89.99	111.98	45
Poultry and eggs			86.78	---	---	52.08	34.70	60
Bakery and cereal products	Farm produce equivalent	Average quantities purchased						
All ingredients	to products bought	per urban	167.69	---	---	29.92	137.77	18
Grain	by urban families	wage-earner and	---	24.78	2.78	22.00	---	13
All fruits and vegetables		clerical-	237.89	---	---	70.50	167.39	30
Fresh fruits and vegetables :		worker	140.27	---	---	48.25	92.02	34
Fresh vegetables		family	68.13	---	---	20.41	47.72	30
Processed fruits and		in 1952						
vegetables			97.62	---	---	22.25	75.37	23
Fats and oils			43.41	---	---	13.77	29.64	32
Miscellaneous products			44.88	---	---	7.17	37.71	16
			Cents	Cents	Cents	Cents	Cents	Percent
Beef (Choice grade)	2.25 lb. Choice grade cattle	Pound	79.2	51.6	4.6	47.0	32.2	59
Lamb (Choice grade)	2.37 lb. lamb	Pound	65.9	37.6	5.2	32.4	33.5	49
Pork (retail cuts)	2.13 lb. hogs	Pound	59.2	36.5	5.0	31.5	27.7	53
Butter	Cream and whole milk	Pound	76.3	---	---	55.6	20.7	73
Cheese, American process	Milk for American cheese	1/2 Pound	36.4	---	---	15.1	21.3	41
Ice cream	Cream and milk	1/2 Gal	86.5	---	---	4/23.6	62.9	27
Milk, evaporated	Milk for evaporating	14-1/2 ounce can	15.9	---	---	6.5	9.4	41
Milk, fluid	Wholesale fluid milk	Quart	25.4	---	---	10.9	14.5	43
Chickens, frying, ready-to-cook	1.37 lb. broilers	Pound	38.5	---	---	19.3	19.2	50
Eggs	1.03 doz.	Dozen	54.9	---	---	36.5	18.4	66
Bread, white								
All ingredients	Wheat and other ingredients	Pound	20.9	---	---	3.0	17.9	14
Wheat .....	.882 lb. wheat	Pound	---	2.6	.2	2.4	---	11
Crackers, soda	1.38 lb. wheat	Pound	29.4	4.2	.5	3.7	25.7	13
Corn flakes	1.57 lb. white corn	12 ounces	26.4	3.5	.9	2.6	23.8	10
Corn meal	1.34 lb. white corn	Pound	13.3	2.9	.2	2.7	10.6	20
Flour, white	6.9 lb. wheat	5 pounds	56.0	20.8	2.3	18.5	37.5	33
Rollod oats	2.31 lb. oats	18 ounces	22.4	4.4	.6	3.8	18.6	17
Apples	1.08 lb. apples	Pound	17.3	---	---	6.2	11.1	36
Grapefruit	1.04 grapefruit	Each	13.5	---	---	2.3	11.2	17
Lemons	1.04 lb. lemons	Pound	19.8	---	---	4.0	15.8	20
Oranges	1.04 doz. oranges	Dozen	77.7	---	---	27.1	50.6	35
Beans, green	1.09 lb. snap beans	Pound	24.3	---	---	10.0	14.3	41
Cabbage	1.10 lb. cabbage	Pound	8.9	---	---	2.2	6.7	25
Carrots	1.06 lb. carrots	Pound	15.8	---	---	4.1	11.7	26
Celery	1.11 lb. celery	Pound	13.4	---	---	3.8	9.6	28
Lettuce	1.41 lb. lettuce	Head	16.6	---	---	5.0	11.6	30
Onions	1.06 lb. onions	Pound	10.3	---	---	3.4	6.9	33
Potatoes	10.42 lb. potatoes	10 pounds	62.9	---	---	16.3	46.6	26
Sweetpotatoes 5/	1.12 lb. sweetpotatoes	Pound	16.1	---	---	5.2	10.9	32
Tomatoes	1.18 lb. tomatoes	Pound	28.7	---	---	9.6	19.1	33
Orange juice, canned	5.88 lb. Fla. oranges for							
	canning	46 ounce can	48.3	---	---	18.8	29.5	39
Peaches, canned	1.89 lb. Calif. cling	No. 2-1/2 can	33.2	---	---	5.7	27.5	17
Beans with pork, canned .....	.35 lb. Mich. dry beans	16 ounce can	14.9	---	---	2.1	12.8	14
Corn, canned	2.49 lb. sweet corn	No. 303 can	20.6	---	---	3.0	17.6	15
Peas, canned .....	.69 lb. peas for canning	No. 303 can	22.0	---	---	2.8	19.2	13
Tomatoes, canned	1.84 lb. tomatoes for							
	processing	No. 303 can	16.0	---	---	2.4	13.6	15
Orange juice concentrate, frozen	3.05 lb. Fla. oranges for							
	frozen concentrated juice	6 ounce can	24.6	---	---	11.2	13.4	46
Strawberries, frozen .....	.51 lb. strawberries for							
	processing	10 ounces	27.0	---	---	6.8	20.2	25
Beans, green, frozen .....	.71 lb. beans for							
	processing	9 ounces	22.9	---	---	4.3	18.6	19
Peas, frozen .....	.70 lb. peas for freezing	10 ounces	20.7	---	---	3.0	17.7	14
Dried beans (navy)	1.00 lb. Mich. dry beans	Pound	17.0	---	---	5.9	11.1	35
Dried prunes .....	.97 lb. dried prunes	Pound	41.6	---	---	18.6	23.0	45
Margarine, colored	Soybeans, cottonseed, and							
	milk	Pound	28.6	---	---	9.1	19.5	32
Peanut butter	1.77 lb. peanuts	Pound	55.8	---	---	19.1	36.7	34
Salad dressing	Cottonseed, soybeans, sugar,							
	and eggs	Pint	37.4	---	---	7.5	29.9	20
Vegetable shortening	Soybeans and cottonseed	3 pounds	90.0	---	---	33.1	56.9	37
Corn sirup	1.90 lb. corn	24 ounces	27.0	3.4	.7	2.7	24.3	10
Sugar	36.28 lb. sugar beets	5 pounds	58.9	21.0	1.1	6/19.9	6/39.0	6/34

1/ The methods of calculation and the sources of price data are given in Part II of "Farm-Retail Spreads for Food Products," U. S. Dept. Agr. Misc. Pub. 741, 1957.

2/ Product groups include more items than those listed in this table. For example, the meat products group includes veal and lower grades of beef in addition to carcass beef of Choice grade, lamb, and pork.

3/ Market basket total may differ from sum of products group totals because of rounding of averages.

4/ Farm value of cream and milk only.

5/ 11-month average.

6/ Net farm value adjusted for Government payments to producer was 24.1 cents, farm-retail spread adjusted for Government processor tax was 36.3 cents, farmer's share of retail cost based on adjusted farm value was 41 percent.

Table 20.- Farm food products: Retail cost, farm value of equivalent quantities sold by producers, byproduct allowance, farm-retail spread, and farmer's share of retail cost, annual 1962 ^{1/}

Product ^{2/}	Farm equivalent	Retail unit	Retail cost	Gross farm value	Byproduct allowance	Net farm value	Farm-retail spread	Farmer's share
			Dollars	Dollars	Dollars	Dollars	Dollars	Percent
Market basket ^{3/}			1,067.43	---	---	410.23	657.20	38
Meat products			284.04	---	---	151.79	132.25	53
Dairy products			200.27	---	---	88.01	112.26	44
Poultry and eggs		Average quantities purchased per urban wage-earner and clerical-worker family in 1952	85.67	---	---	51.46	34.21	60
Bakery and cereal products	Farm produce equivalent to products bought by urban families		170.48	---	---	31.00	139.48	18
All ingredients			---	26.69	2.96	23.73	---	14
Grain			238.70	---	---	69.25	169.45	29
All fruits and vegetables			144.49	---	---	49.73	94.76	34
Fresh fruits and vegetables			71.93	---	---	22.81	49.12	32
Fresh vegetables			94.20	---	---	19.53	74.67	21
Processed fruits and vegetables			43.34	---	---	11.36	31.98	26
Fats and oils			44.93	---	---	7.36	37.57	16
Miscellaneous products								
			Cents	Cents	Cents	Cents	Cents	Percent
Beef (Choice grade)	2.25 lb. Choice grade cattle	Pound	82.4	57.3	4.8	52.5	29.9	64
Lamb (Choice grade)	2.37 lb. lamb	Pound	70.7	41.9	6.4	35.5	35.2	50
Pork (retail cuts)	2.13 lb. hogs	Pound	59.5	35.8	4.4	31.4	28.1	53
Butter	Cream and whole milk	Pound	75.2	---	---	54.4	20.8	72
Cheese, American process	Milk for American cheese	1/2 Pound	36.2	---	---	14.4	21.8	40
Ice cream	Cream and milk	1/2 Gal	85.8	---	---	4/22.6	63.2	26
Milk, evaporated	Milk for evaporating	14-1/2 ounce can	15.6	---	---	6.2	9.4	40
Milk, fluid	Wholesale fluid milk	Quart	25.3	---	---	10.7	14.6	42
Chickens, frying, ready-to-cook	1.37 lb. broilers	Pound	40.7	---	---	20.8	19.9	51
Eggs	1.03 doz.	Dozen	51.8	---	---	34.4	17.4	66
Bread, white								
All ingredients	Wheat and other ingredients	Pound	21.2	---	---	3.1	18.1	15
Wheat .....	.882 lb. wheat	Pound	---	2.9	.3	2.6	---	12
Crackers, soda	1.38 lb. wheat	Pound	31.0	4.5	.5	4.0	27.0	13
Corn flakes	1.57 lb. white corn	12 ounces	27.3	3.3	.8	2.5	24.8	9
Corn meal	1.34 lb. white corn	Pound	14.0	2.8	.3	2.5	11.5	18
Flour, white	6.9 lb. wheat	5 pounds	57.0	22.5	2.4	20.1	36.9	35
Polled oats	2.31 lb. oats	18 ounces	23.6	4.6	.6	4.0	19.6	17
Apples	1.08 lb. apples	Pound	16.5	---	---	5.7	10.8	35
Grapefruit	1.04 grapefruit	Each	13.6	---	---	2.4	11.2	18
Lemons	1.04 lb. lemons	Pound	20.4	---	---	5.5	14.9	27
Oranges	1.04 doz. oranges	Dozen	79.3	---	---	23.2	56.1	30
Beans, green	1.09 lb. snap beans	Pound	26.3	---	---	10.8	15.5	41
Cabbage	1.10 lb. cabbage	Pound	10.7	---	---	3.3	7.4	31
Carrots	1.06 lb. carrots	Pound	15.2	---	---	4.0	11.2	26
Celery	1.11 lb. celery	Pound	15.5	---	---	5.4	10.1	35
Lettuce	1.41 lb. lettuce	Head	18.9	---	---	6.1	12.8	32
Onions	1.06 lb. onions	Pound	12.2	---	---	4.0	8.2	33
Potatoes	10.42 lb. potatoes	10 pounds	63.2	---	---	17.0	46.2	27
Sweetpotatoes	1.12 lb. sweetpotatoes	Pound	15.8	---	---	5.5	10.3	35
Tomatoes	1.18 lb. tomatoes	Pound	29.7	---	---	10.7	19.0	36
Orange juice, canned	5.88 lb. Fla. oranges for canning	46 ounce can	42.5	---	---	12.7	29.8	30
Peaches, canned	1.89 lb. Calif. cling	No. 2-1/2 can	32.6	---	---	6.3	26.3	19
Beans with pork, canned .....	.35 lb. Mich. dry beans	16 ounce can	14.9	---	---	2.2	12.7	15
Corn, canned	2.49 lb. sweet corn	No. 303 can	20.0	---	---	2.4	17.6	12
Peas, canned .....	.69 lb. peas for canning	No. 303 can	22.5	---	---	2.9	19.6	13
Tomatoes, canned	1.84 lb. tomatoes for processing	No. 303 can	15.7	---	---	2.7	13.0	17
Orange juice concentrate, frozen	3.05 lb. Fla. oranges for frozen concentrated juice	6 ounce can	20.9	---	---	8.4	12.5	40
Strawberries, frozen .....	.51 lb. strawberries for processing	10 ounces	27.1	---	---	6.1	21.0	23
Beans, green, frozen .....	.71 lb. beans for processing	9 ounces	22.8	---	---	4.1	18.7	18
Peas, frozen .....	.70 lb. peas for freezing	10 ounces	20.8	---	---	3.0	17.8	14
Dried beans (navy)	1.00 lb. Mich. dry beans	Pound	17.4	---	---	6.2	11.2	36
Dried prunes .....	.97 lb. dried prunes	Pound	40.9	---	---	15.8	25.1	39
Margarine, colored	Soybeans, cottonseed, and milk	Pound	28.4	---	---	7.0	21.4	25
Peanut butter	1.77 lb. peanuts	Pound	57.4	---	---	20.1	37.3	35
Salad dressing	Cottonseed, soybeans, sugar, and eggs	Pint	38.3	---	---	6.4	31.9	17
Vegetable shortening	Soybeans and cottonseed	3 pounds	88.8	---	---	25.3	63.5	28
Corn sirup	1.90 lb. corn	24 ounces	27.3	3.4	.7	2.7	24.6	10
Sugar	39.16 lb. sugar beets	5 pounds	58.5	22.0	1.1	5/20.9	5/37.6	5/36

^{1/} The methods of calculation and the sources of price data are given in Part II of "Farm-Retail Spreads for Food Products," U. S. Dept. Agr. Misc. Pub. 741, 1957.

^{2/} Product groups include more items than those listed in this table. For example, the meat products group includes veal and lower grades of beef in addition to carcass beef of Choice grade, lamb, and pork.

^{3/} Market basket total may differ slightly from sum of product group totals because of rounding of averages.

^{4/} Farm value of cream and milk only.

^{5/} Net farm value adjusted for Government payments to producer was 25.5 cents, farm-retail spread adjusted for Government processor tax was 34.9 cents, and farmer's share of retail cost based on adjusted farm value was 44 percent.

Preliminary estimates.

Table 21.--The farm food market basket: Revised quarterly data for 1961

Item and period	Retail cost	Gross farm value	Net farm value	Farm- retail spread	Farmer's share
	Dollars	Dollars	Dollars	Dollars	Percent
Market Basket					
Jan.-Mar.	---	---	420.91	647.51	---
Apr.-June	---	---	399.38	663.05	---
July-Sept.	---	---	401.55	659.59	---
Oct.-Dec.	1,048.75	---	401.20	647.55	---
Meat Products					
Jan.-Mar.	---	---	149.54	133.99	53
Oct.-Dec.	276.57	---	142.82	133.75	51
Dairy Products					
Jan.-Mar.	---	---	91.35	111.50	---
Apr.-June	---	---	87.95	112.43	---
July-Sept.	---	---	89.69	111.98	---
Oct.-Dec.	203.00	---	90.98	112.02	45
Poultry and Eggs					
Jan.-Mar.	---	---	58.53	35.75	---
Oct.-Dec.	85.53	---	51.63	33.90	---
Bakery and Cereal Products (all ingredients)					
Jan.-Mar.	---	---	29.80	137.51	---
Apr.-June	---	---	29.48	138.25	---
July-Sept.	---	---	29.98	137.45	---
Oct.-Dec.	168.29	---	30.42	137.87	---
Bakery and Cereal Products (grain)					
Jan.-Mar.	---	24.67	---	---	---
Apr.-June	---	23.99	---	---	---
July-Sept.	---	24.69	---	---	---
Oct.-Dec.	168.29	---	---	145.57	---
All Fruits and Vegetables					
Jan.-Mar.	---	---	70.32	163.34	---
Apr.-June	---	---	74.62	171.73	30
July-Sept.	---	---	71.70	173.08	---
Oct.-Dec.	226.77	---	65.35	161.42	---
Fresh Fruits and Vegetables					
Jan.-Mar.	---	---	48.75	87.62	---
Apr.-June	---	---	52.25	95.94	35
July-Sept.	---	---	49.00	98.07	---
Oct.-Dec.	129.46	---	43.00	86.46	---
Fresh Vegetables					
Jan.-Mar.	---	---	20.40	49.48	---
Apr.-June	---	---	22.02	48.97	---
Oct.-Dec.	63.97	---	18.30	45.67	---
Processed Fruits and Vegetables					
July-Sept.	---	---	22.70	75.01	---
Oct.-Dec.	---	---	22.35	74.97	---
Fats and Oils					
Jan.-Mar.	---	---	14.28	27.71	---
Apr.-June	---	---	15.20	28.62	35
July-Sept.	---	---	12.86	31.23	---
Oct.-Dec.	---	---	12.76	31.00	---
Miscellaneous Products					
July-Sept.	---	---	7.21	37.71	---
Oct.-Dec.	---	---	7.24	37.59	---

Continued -

Table 21.--The farm food market basket: Revised quarterly data for 1961-Continued

Item and period	Retail cost	Gross farm value	Net farm value	Farm- retail spread	Farmer's share
	Cents	Cents	Cents	Cents	Percent
Beef (Choice grade)					
Jan.-Mar.	---	54.9	50.5	31.2	62
Apr.-June	---	49.5	---	---	---
July-Sept.	---	49.5	---	---	---
Oct.-Dec.	---	52.7	48.0	30.9	61
Lamb (Choice grade)					
Jan.-Mar.	---	40.2	34.1	33.6	---
Apr.-June	---	37.2	---	---	---
July-Sept.	---	36.8	---	---	---
Oct.-Dec.	---	36.3	31.0	35.1	---
Pork (retail cuts)					
Jan.-Mar.	---	37.2	31.6	28.0	---
July-Sept.	---	38.2	---	---	---
Oct.-Dec.	58.8	35.2	30.8	28.0	---
Butter					
Jan.-Mar.	---	---	55.6	20.9	73
Apr.-June	---	---	55.1	21.2	72
July-Sept.	---	---	55.5	20.8	73
Oct.-Dec.	---	---	56.1	20.2	74
Cheese					
Oct.-Dec.	---	---	15.2	21.1	---
Ice Cream					
Jan.-Mar.	---	---	23.7	63.1	---
Apr.-June	---	---	23.5	63.1	---
July-Sept.	---	---	23.6	62.6	---
Oct.-Dec.	86.3	---	23.6	62.7	---
Chickens, frying, ready-to-cook					
Jan.-Mar.	---	---	23.1	19.1	---
Oct.-Dec.	---	---	18.0	18.2	---
Eggs					
Jan.-Mar.	---	---	39.7	19.7	67
Oct.-Dec.	---	---	37.2	18.6	67
Bread (wheat only)					
Jan.-Mar.	---	2.6	---	---	---
July-Sept.	---	2.6	---	---	---
Crackers, soda					
Jan.-Mar.	---	4.1	---	---	---
Apr.-June	---	4.0	---	---	---
Flour					
Jan.-Mar.	---	20.7	---	---	---
Apr.-June	---	20.0	---	---	---
July-Sept.	---	20.7	---	---	---
Apples					
Oct.-Dec.	---	---	5.0	8.3	---
Grapefruit					
Jan.-Mar.	---	---	2.0	10.4	16
July-Sept.	---	---	3.4	12.0	22
Oct.-Dec.	14.1	---	---	12.0	---
Lemons					
Jan.-Mar.	---	---	4.2	17.1	20
Apr.-June	---	---	4.0	15.9	20
July-Sept.	18.8	---	3.8	15.0	20
Oct.-Dec.	19.2	---	4.0	15.2	21

Continued -

Table 21.--The farm food market basket: Revised quarterly data for 1961-Continued

Item and period	Retail cost	Gross farm value	Net farm value	Farm- retail spread	Farmer's share
	Cents	Cents	Cents	Cents	Percent
Oranges					
Jan.-Mar.	---	---	29.8	43.1	41
Apr.-June	---	---	26.5	52.1	34
Oct.-Dec.	77.6	---	24.5	53.1	32
Potatoes					
Jan.-Mar.	---	---	18.4	47.1	---
Apr.-June	---	---	18.0	48.2	---
Oct.-Dec.	---	---	12.5	43.5	22
Peaches, canned					
Oct.-Dec.	---	---	6.4	26.1	20
Peas, canned					
Oct.-Dec.	---	---	3.0	19.2	14
Tomatoes, canned					
Oct.-Dec.	15.8	---	---	13.1	---
Beans, green, frozen					
Oct.-Dec.	---	---	4.1	18.5	18
Peas, frozen					
Oct.-Dec.	---	---	3.0	17.5	---
Margarine, colored					
Apr.-June	---	---	10.3	18.5	36
Salad Dressing					
Apr.-June	---	---	8.1	29.1	22
Oct.-Dec.	---	---	7.2	31.1	---
Vegetable Shortening					
Jan.-Mar.	---	---	33.7	52.1	39
Apr.-June	---	---	37.2	54.1	41
July-Sept.	---	---	30.9	61.4	---
Oct.-Dec.	---	---	30.5	60.2	34
Sugar ^{1/}					
Jan.-Mar.	---	20.8	---	---	---
Apr.-June	---	20.8	---	---	---
July-Sept.	---	20.8	---	---	---
Oct.-Dec.	---	21.4	20.3	37.9	35

^{1/} Revised net farm value adjusted for Government payments to producers: Jan.-Mar. 23.9; Apr.-June 23.9; July-Sept. 23.9; Oct.-Dec. 24.7; farm-retail spread adjusted for Government processor tax: Jan.-Mar. 36.9; Apr.-June 36.7; July-Sept. 36.1; Oct-Dec. 35.2; farmer's share of retail cost based on adjusted farm value: Jan.-Mar. 40 percent, Apr.-June 40 percent, July-Sept. 41 percent, Oct.-Dec. 42 percent.

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